QUESTEX GOLD & COPPER LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2021

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company’s independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditors.

QUESTEX GOLD & COPPER LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

	Note	**June 30, 2021**	March 31, 2021
ASSETS		**$**	$
Current			
Cash	3	**3,917,973**	1,208,319
Restricted cash	3, 11	**7,524,461**	594,294
Receivables		**113,158**	81,892
Prepaid expenses and deposits	4	**531,625**	83,221
Marketable securities	5	**356,620**	411,361
Right-of-use asset	8	**36,819**	-
Net investment in sublease	8	**29,818**	28,942
		12,510,474	2,408,029
Non-Current			
Net investment in sublease	8	**-**	7,792
Reclamation deposits	6	**201,353**	167,000
Equipment	7	**15,458**	16,952
Right-of-use asset	8	**-**	20,838
Exploration and evaluation assets	9	**6,448,483**	6,448,483
		19,175,768	9,069,094
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	**531,815**	227,738
Flow-through share premium liability	11	**2,078,718**	304,690
Lease liability	8	**73,090**	56,406
		2,683,623	588,834
Non-Current			
Lease liability	8	**-**	9,252
		2,683,623	598,086
EQUITY			
Share capital	12	**57,885,163**	49,386,228
Share-based payments reserve		**1,815,469**	1,424,634
Deficit		**(43,208,487)**	(42,339,854)
		16,492,145	8,471,008
		19,175,768	9,069,094

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board:
_*"Cecil Bond"*______ , Director
_*"Joseph Mullin"*__ , Director

QUESTEX GOLD & COPPER LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED JUNE 30
(Unaudited - Expressed in Canadian dollars)

	Note	2021	2020
		$	$
Expenses			
Consulting	17(a)	**68,741**	86,600
Depreciation - equipment	7	**1,494**	2,764
Depreciation - right-of-use asset	8	**9,839**	3,665
Exploration expenditures	13	**593,688**	110,270
Interest on lease liability	8	**1,803**	3,003
Investor relations		**36,143**	30,869
Office and administration	17(a)	**70,702**	42,173
Professional fees		**14,466**	26,308
Salaries and benefits	17(a)	**71,245**	1,841
Share-based payments expense	12(e), 17(a)	**383,176**	65,860
Transfer agent, regulatory and filing fees		**7,504**	2,092
Travel and accommodation		**10,816**	-
		1,269,617	375,445
Other Items			
Accretion on sublease	8	**(1,033)**	(1,812)
Foreign exchange gain (loss)		**839**	(11,280)
Interest and miscellaneous income		**(18,898)**	(10,403)
FT share premium recovery	11	**(310,465)**	-
Write-off of cash in subsidiary	3	**-**	28,388
Unrealized loss (gain) on marketable securities	5	**54,741**	(12,640)
		(274,816)	(7,747)
Loss and comprehensive loss for the period		**(994,801)**	(367,698)
Basic and diluted loss per share		**$ (0.03)**	$ (0.02)
Basic and diluted weighted average number of shares outstanding		**37,279,895**	21,117,091

QUESTEX GOLD & COPPER LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Share-based payments reserve	Deficit	Total
			$	$	$	$
Balance, March 31, 2020		**21,117,094**	**47,173,446**	**1,117,714**	**(40,826,203)**	**7,464,957**
Net loss for the period		-	-	-	(367,698)	(367,698)
Share-based payments expense	12(e)	-	-	65,860	-	65,860
Reclass of expired or forfeited stock options and warrants	12(c)	-	-	(3,021)	3,021	-
Balance, June 30, 2020		**21,117,094**	**47,173,446**	**1,180,553**	**(41,190,880)**	**7,163,119**
Net loss for the period		-	-	-	(1,348,161)	(1,348,161)
Private placements, net of share issue costs		2,533,535	1,713,062	9,220	-	1,722,282
Shares issued for mineral property option payment		900,397	499,720	-	-	499,720
Share-based payments expense		-	-	434,048	-	434,048
Reclass of expired or forfeited stock options and warrants		-	-	(199,187)	199,187	-
Balance, March 31, 2021		**24,551,026**	**49,386,228**	**1,424,634**	**(42,339,854)**	**8,471,008**
Net loss for the period		-	-	-	(994,801)	(994,801)
Private placement, net of share issue costs	12(b)	15,043,212	10,583,428	133,827	-	10,717,255
Flow-through share premium liability	11	-	(2,084,493)	-	-	(2,084,493)
Share-based payments expense	12(e)	-	-	383,176	-	383,176
Reclass of expired or forfeited stock options	12(c)	-	-	(126,168)	126,168	-
Balance, June 30, 2021		**39,594,238**	**57,885,163**	**1,815,469**	**(43,208,487)**	**16,492,145**

QUESTEX GOLD & COPPER LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30
(Unaudited - Expressed in Canadian dollars)

	Note	2021	2020
Operating Activities			
Net loss for the period		**(994,801)**	(367,698)
Items not involving cash:			
Depreciation - equipment	7	**1,494**	2,764
Depreciation - right-of-use asset	8	**9,839**	3,665
Accretion of lease liability	8	**1,803**	1,192
Accretion on sublease	8	**(1,033)**	(1,812)
Sublease income		**7,949**	7,948
Share-based payments expense	12(e)	**383,176**	65,860
FT share premium recovery	11	**(310,465)**	-
Unrealized loss (gain) on marektable securities	5	**54,741**	(12,640)
		(847,297)	(300,721)
Net change in non-cash working capital	14	**(175,593)**	(37,691)
Cash used in operating activities		**(1,022,890)**	(338,412)
Investing Activities			
Purchase of reclamation bonds		**(34,353)**	(5,000)
Purchase of equipment		**-**	(4,076)
Cash used in investing activities		**(34,353)**	(9,076)
Financing Activities			
Lease liability payments	8	**(20,191)**	(11,782)
Proceeds pursuant to private placement	12(b)	**11,110,420**	-
Share issue costs	12(b)	**(393,165)**	-
Cash provided by financing activities		**10,697,064**	(11,782)
Net increase (decrease) in cash and cash equivalents		**9,639,821**	(359,270)
Cash and cash equivalents, beginning of period		**1,802,613**	2,195,514
Cash and cash equivalents, end of period		**11,442,434**	1,836,244
Cash and restricted cash is comprised of:			
Cash		**3,917,973**	314,275
Restricted cash		**7,524,461**	1,521,969
		11,442,434	1,836,244
Supplemental cash flow information	14		

1. NATURE OF OPERATIONS AND GOING CONCERN

QuestEx Gold & Copper Ltd. ("**QuestEx**" or the "**Company**"), formerly Colorado Resources Ltd. was incorporated on October 9, 2009 under the Business Corporations Act (British Columbia). On September 28, 2020, the Company changed its name from Colorado Resources Ltd. to QuestEx Gold & Copper Ltd. The Company is in the exploration stage and its principal business activities include the acquisition, exploration and development of mineral properties. The Company's principal properties are located in British Columbia ("**BC**").

The Company is listed on the TSX Venture Exchange (the "**TSX-V**"), having the symbol QEX.V as a Tier 1 issuer and its corporate office and principal place of business are located at Suite 500 – 666 Burrard Street, Vancouver, BC V6C 3P6.

Effective August 21, 2020, the Company consolidated its common shares on the basis of one post-consolidated common share for every ten pre-consolidated common shares held. The 211,170,915 pre-consolidated common shares issued and outstanding were adjusted to 21,117,091 post-consolidated common shares. As required by International Accounting Standards ("IAS") 33 *Earnings per Share*, all references to share capital, common shares outstanding, warrants outstanding, options outstanding and per share amounts in these consolidated financial statements and these accompanying notes for time periods prior to the share consolidation have been restated to reflect the one-for-ten share consolidation.

The Company has not generated revenues from its operations to date. The Company incurred a net loss of $994,801 during the three months ended June 30, 2021 and, as of that date, the Company's accumulated deficit was $43,208,487. The Company had working capital of $9,826,851 as at June 30, 2021 of which $7,501,461 was restricted cash as a result of flow-through expenditure requirements (Note 11) and $23,000 was restricted cash related to collateral for the Company's credit card (Note 3). These conditions indicate the existence of material uncertainties, which may cast significant doubt on the Company's ability to continue as a going concern. The Company will continue to have to raise funds beyond its current working capital balance in order to continue the development of its exploration properties and general operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

No adjustments have been made to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

Since March 2020, COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financing capabilities. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. It is not possible to reliably estimate the length or severity of these developments and their potential financial impact on these condensed consolidated interim financial statements.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**") using accounting principles consistent with International Financial Reporting Standards ("**IFRS**") as issued by the IASB.

These condensed consolidated interim financial statements have been prepared using the accounting policies as set out in the audited annual financial statements for the year ended March 31, 2021. The disclosures which follow do not include all disclosures required for the annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements and notes thereon for the year ended March 31, 2021.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the "**Board**") approved these condensed consolidated interim financial statements on August 30, 2021.

These condensed consolidated interim financial statements are presented in Canadian Dollars, which is the functional currency of the Company and its subsidiaries.

3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash at banks earn interest at floating rates based on daily bank deposit rates. Cash equivalents are held in cashable guaranteed investment certificates. Restricted cash relates to the portion of proceeds received on issuance of FT shares received but not yet spent at the end of the reporting period, as well as $23,000 as collateral for the Company's credit card.

During the three months ended June 30, 2020, $28,388 of cash held in the Company's dormant wholly-owned Mexican subsidiary Colorado Gold S.A. de C.V. was written off due to uncertainty of recovery.

4. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits consisted of the following amounts:

	June 30, 2021	March 31, 2021
	$	$
Exploration deposits	478,672	14,000
Other deposits	10,563	10,563
Prepaid expenses	42,390	58,658
	531,625	83,221

The increase in prepaid expenses and deposits is a result of the Company providing deposits to various service providers for its 2021 exploration program, the amounts of which will be applied to future invoices throughout the program.

(Unaudited - Expressed in Canadian dollars)

5. MARKETABLE SECURITIES

At June 30, 2021, marketable securities consisted of an investment of 1,264,000 (March 31, 2021: 1,264,000) common shares of Damara Gold Corp. ("**Damara**") and 350,000 (March 31, 2021: Nil) common shares of Fireweed Zinc Ltd. ("**Fireweed**"). The Company's marketable securities are measured at fair value through profit or loss ("**FVTPL**"). The fair value of the marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation.

A summary of the changes in FVTPL investments is presented below:

	$
Balance, March 31, 2021	411,361
Unrealized loss on marketable securities	(54,741)
Balance, June 30, 2021	356,620

6. RECLAMATION DEPOSITS

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company on its North ROK, Coyote, KSP, Kingpin, Castle, Moat, Hit and Heart Peaks properties. The reclamation deposits are held with the Ministry of Energy and Mines in BC or with the Company's financial institution through a safe-keeping agreement. As at June 30, 2021, reclamation bonds included guaranteed investment certificates with maturity dates ranging from July 9, 2021 to July 5, 2022.

7. EQUIPMENT

A summary of the changes in equipment is presented below:

	Office equipment $
Cost	
Balance, March 31, 2021	19,972
Additions	-
Balance, June 30, 2021	19,972
Accumulated Depreciation	
Balance, March 31, 2021	3,020
Depreciation for the period	1,494
Balance, June 30, 2021	4,514
Carrying Amount	
Balance, March 31, 2021	16,952
Balance, June 30, 2021	15,458

(Unaudited - Expressed in Canadian dollars)

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On transition to IFRS 16, the Company had a lease agreement for its office space in Kelowna, BC. Effective January 1, 2020, the Kelowna office was subleased by the Company. The Company classified the sublease as a finance lease and derecognized the ROU asset in respect of the sublease, for which a net investment in sublease of $68,375 was recorded.

Effective March 1, 2020, the Company entered into a lease agreement for office space in Vancouver, BC. The ROU asset for the Vancouver office is being amortized on a straight-line basis until the end of the lease term of March 2022.

Effective May 1, 2021, the Company renewed the lease agreement for its office space in Richmond, BC. The ROU asset for the Richmond office is being amortized on a straight-line basis until the end of the lease term of June 2022.

The annual incremental borrowing rate used to calculate the ROU asset and lease liability is 12%.

The continuity of the ROU asset, lease liability and investment in sublease is as follows:

Right-of-use assets	$
Value of ROU asset as at March 31, 2021	20,838
Addition of ROU asset during the period	25,820
Depreciation	(9,839)
Value of ROU asset as at June 30, 2021	36,819

Lease liability	$
Lease liability recognized as of March 31, 2021	65,658
Addition to lease liability during the period	25,820
Interest on lease liability, net	1,803
Lease payments	(20,191)
Lease liability recognized as of June 30, 2021	73,090
Current portion	73,090
Non-current portion	-
	73,090

Investment in Sublease	$
Value of investment in sublease as at March 31, 2021	36,734
Sub-lease income	(7,949)
Accretion on sub-lease	1,033
Value of investment in sublease as at June 30, 2021	29,818
Current portion	29,818
Non-current portion	-
	29,818

(Unaudited - Expressed in Canadian dollars)

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

The future minimum lease payments as of June 30, 2021 were as follows:

Year ending March 31	$
2022	79,535
2023	16,338
	95,873
Less: common area maintenance excluded from ROU asset	(18,057)
Less: amount representing interest payments	(4,726)
Present value of net minimum lease payments	73,090

9. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation assets is presented below:

	North ROK	Coyote	KSP	KingPin	Castle	Sofia	Total
	$	$	$	$	$	$	$
Balance, March 31, 2021 and June 30, 2021	590,966	58,447	2,389,056	137,013	2,140,958	1,132,043	6,448,483

BRITISH COLUMBIA

a) KSP Property

QuestEx holds a 100% interest in the KSP property located to the southeast of the Snip Mine, BC. The KSP property is subject to various NSRs, portions of which can be repurchased.

b) North ROK Property

QuestEx holds a 100% interest in the North ROK property located approximately 65 kilometres (“**km**”) south of Dease Lake and straddles Highway 37 approximately 15 km northwest of Imperial Metals’ Red Chris mine in northern BC. The North ROK property is subject to a 2% net smelter return (“**NSR**”) royalty which can be repurchased in its entirety.

c) Coyote Property

QuestEx holds a 100% interest in the Coyote property which is located south of the North ROK property approximately 75 km south of Dease Lake on the east side of Highway 37 approximately 10 km northwest of Imperial Metals’ Red Chris mine in northern BC. The Coyote property is subject to various NSRs, a portion of which can be repurchased.

d) Castle Property

QuestEx holds a 100% interest in the Castle Property located in the Liard Mining District of BC, subject to a 2% NSR, of which the NSR can be repurchased in its entirety.

On August 20, 2019, the Company acquired a property option agreement (the “**Moat Option Agreement**”) as part of its acquisition of Buckingham Copper Corp. Under the Moat Option Agreement, the Company can acquire the undivided 100% right, title and interest to a group of mining claims (the “**Moat Property**”), subject to a 2.5% NSR.

(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

d) Castle Property (continued)

In order to earn a 100% interest in the Moat Property, the Company's remaining commitment is to issue $700,000 in common shares by December 27, 2021.

The Moat Property adjoins the Castle Property to the east and southeast and has become part of Castle for exploration work and reporting purposes.

e) KingPin Property

The Company holds a 100% interest in several mineral claims located in the Golden Triangle area in northwest BC. The KingPin property is subject to various NSRs, portions of which can be repurchased.

f) Sofia Property

The Company holds a 100% interest in a group of mining claims in the Liard Mining Division of Northeast BC. The Sofia property is subject to a 2% NSR, a portion of which can be repurchased.

g) Other

Other properties in which the Company owns a 100% interest include the GS property, the Stu property and Iskut claims, all located near Stewart, BC, Heart Peaks northwest of Dease Lake and the Hit property in the Aspen Grove district of southern BC. As at June 30, 2021, these properties had a carrying value of $Nil.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following amounts:

	June 30, 2021	March 31, 2021
	$	$
Accounts payable	405,698	112,233
Accrued liabilities	103,767	86,855
Due to related parties (Note 16(b))	22,350	28,650
	531,815	227,738

During the year ended March 31, 2021, the Company applied for the COVID-19 Relief Line of Credit through the Government sponsored Canada Emergency Business Account. On June 5, 2020, the Company received the amount of $40,000. On January 1, 2021, this operating line of credit was converted to a 2-year 0% interest term loan, to be repaid by December 31, 2022. $10,000 of the loan will be forgiven if $30,000 is repaid in full on or before December 31, 2022. The amount of $30,000 is included in accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian dollars)

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

	$
Balance, March 31, 2021	304,690
Flow-through share premium liability on the issuance of flow-through common shares	2,084,493
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(310,465)
Balance, June 30, 2021	2,078,718

As at June 30, 2021, an amount of $7,501,461 in qualifying Canadian exploration expenditures remained to be spent pursuant to a private placement of FT shares that was completed on April 16, 2021. The amount must be spent by December 31, 2022.

12. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value

b) Share issuance details

Three months ended June 30, 2021

Private Placement

On April 16, 2021, the Company completed a non-brokered private placement, issuing a total of 15,043,212 common shares of the Company for gross proceeds of $11,110,420. The private placement was comprised of 9,063,014 flow-through ("**FT**") common shares at a price of $0.83 per FT share for gross proceeds of $7,522,302 and 5,980,198 non-FT ("**NFT**") common shares at a price of $0.60 per NFT share for gross proceeds of $3,588,119.

Skeena Resources Limited acquired a total of 5,547,142 common shares under the private placement, representing a 14.01% equity interest in the Company on a non-diluted basis. Newmont Corporation acquired a total of 2,425,790 common shares under the private placement to maintain its 16.13% equity interest in the Company.

Share issue costs totaled $526,992 including cash fees of $282,800 paid to arm's-length finders and financial advisors as well as the issuance of 253,000 warrants valued at $133,827, with each warrant entitling the holder to purchase one common share of the Company at a price of $0.75 per share until April 15, 2023.

As a result of the Company issuing FT shares at a premium to NFT shares, the Company allocated $5,437,809 of the gross proceeds to share capital and the remaining $2,084,493 to FT share premium liability (Note 11).

Stock Options

- On April 16, 2021, the Company granted 1,235,000 stock options to Directors, Officers, employees and consultants with each stock option exercisable into one common share of the Company at an exercise price of $0.96 per share, subject to certain vesting requirements, with an expiry of April 16, 2026.

(Unaudited - Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

b) Share issuance details (continued)

Three months ended June 30, 2021 (continued)

Stock Options (continued)

- On April 24, 2021, the Company granted 100,000 stock options to a newly appointed Director with each stock option exercisable into one common share of the Company at an exercise price of $1.19 per share, subject to certain vesting requirements, with an expiry of April 24, 2026.

Three months ended June 30, 2020

There were no share issuances during the three months ended June 30, 2020.

c) Stock options

The Company has a 10% rolling stock option plan, whereby it can grant stock options to directors, officers, employees and consultants of up to an aggregate maximum of 10% of the common shares outstanding. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		$
Balance, March 31, 2021	1,796,130	1.12
Granted	1,335,000	0.98
Forfeited	(125,000)	1.20
Expired	(10,000)	4.40
Balance, June 30, 2021	2,996,130	1.04

The following stock options were outstanding as at June 30, 2021:

Outstanding		Exercisable	Weighted average Exercise Price	Expiry Date	Weighted average remaining life (in years)
			$		
40,000		40,000	2.60	June 6, 2022	0.93
570,000	1	463,125	1.20	September 5, 2024	3.19
31,000		19,375	0.90	April 1, 2025	3.76
105,000		78,750	0.90	June 29, 2025	4.00
915,130		457,565	1.00	September 28, 2025	4.25
1,235,000		-	0.96	April 15, 2026	4.79
100,000		25,000	1.19	April 24, 2026	4.82
2,996,130		1,083,815	1.04		4.23

1 Subsequent to June 30, 2021, 50,000 stock options with an exercise price of $1.20 were cancelled.

(Unaudited - Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

c) Stock options (continued)

During the three months ended June 30, 2021, the Company reclassified $126,168 (2020: $3,021) from share-based payments reserve to share capital with respect to options or share purchase warrants that expired or were forfeited during the period.

d) Share purchase warrants

A summary of the changes in share purchase warrants is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, March 31, 2021	4,107,057	1.17
Finder warrants issued pursuant to private placement	253,000	0.75
Balance, June 30, 2021	4,360,057	1.15

The following share purchase warrants were outstanding as at June 30, 2021:

Outstanding	Exercisable	Exercise Price	Expiry Date
		$	
1,650,180	1,650,180	1.20	August 20, 2022
812,427	812,427	1.50	August 20, 2022
1,297,967	1,297,967	1.00	September 28, 2022
346,483	346,483	0.90	March 31, 2023
253,000	253,000	0.75	April 15, 2023
4,360,057	4,360,057		

The fair value of $133,827 for the 253,000 finder warrants issued pursuant to the April 16, 2021 private placement was determined using the Black-Scholes option pricing model ("**Black-Scholes Model**") with the following weighted average assumptions:

Market price of shares	$0.94
Exercise price	$0.75
Risk-free interest rate	0.30%
Expected stock price volatility	97%
Expected dividend yield	0.0%
Expected life in years	2.0
Fair value	$0.53

e) Share-based payments expense

The share-based payments expense for the three months ended June 30, 2021 was $383,176 (2020: $65,860).

The weighted average fair value at grant date of options granted during the three months ended June 30, 2021 was $0.68 per option (2020: $0.30).

(Unaudited - Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

e) Share-based payments expense (continued)

The fair value of the stock options that were granted during the three months ended June 30, 2021 and 2020 was calculated using the Black-Scholes Model with the following weighted average assumptions:

	2021	2020
Risk-free interest rate	0.75%	0.34%
Expected stock price volatility	90%	96%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

13. EXPLORATION EXPENDITURES

The Company's exploration expenditures for the three months ended June 30, 2021 were as follows:

	North ROK	KSP	Castle	Sofia	Other	Total
	$	$	$	$	$	$
Exploration expenditures						
Analysis and storage	-	2,483	450	1,827	-	4,760
Camp	-	-	-	123,129	-	123,129
Community engagement	-	-	-	23,525	89	23,614
Consulting	-	5,646	2,259	30,063	2,700	40,668
Drilling	-	-	-	80,111	-	80,111
Info tech and communications	-	867	-	14,265	-	15,132
Field equipment	-	3,241	-	11,458	-	14,699
Fuel	-	-	-	4,170	-	4,170
Helicopter	-	-	-	92,854	-	92,854
Permitting and environment	-	6,000	-	24,411	-	30,411
Salaries and overhead	2,457	31,806	6,016	98,606	2,464	141,349
Travel and accommodation	-	-	-	22,791	-	22,791
Total exploration expenditures	2,457	50,043	8,725	527,210	5,253	593,688

14. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the three months ended June 30 consisted of the following:

	2021	2020
	$	$
Receivables	(31,266)	(7,556)
Prepaid expenses and deposits	(448,404)	21,541
Accounts payable and accrued liabilities	304,077	(51,676)
	(175,593)	(37,691)

14. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

Financing and investing activities that do not have a direct impact on cash flows are excluded from the condensed consolidated interim statement of cash flows.

The non-cash financing and investing transactions for the three months ended June 30, 2021 consisted of the Company issuing 253,000 finder warrants with a fair value of $133,827 in connection with the April 16, 2021 private placement.

There were no non-cash financing or investing transactions for the three months ended June 30, 2020.

15. FINANCIAL INSTRUMENTS

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

<u>Market Risk</u>

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of interest rate and commodity price risk.

<u>Interest Rate Risk</u>

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy. A change of 1% in short-term interest rates would not have a material impact on net loss or comprehensive loss.

Cash deposits and guaranteed investment certificates are subject to floating interest rates.

15. FINANCIAL INSTRUMENTS (continued)

General Objectives, Policies and Processes (continued)

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company also holds marketable securities in companies that are subject to the effect of changes in certain commodity prices. A significant decrease in commodity prices for which the Company is exploring for could impact the Company's ability to raise capital.

Foreign Exchange Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not hold significant monetary assets or liabilities in foreign currencies and therefore is not exposed to significant risks arising from the fluctuation of foreign exchange rates.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and receivables. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand and receivables are entered into with credit-worthy counterparties.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to endeavour that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. However, circumstances may arise where the Company is unable to meet those goals (Note 1). The key to managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company prepares annual or interim expenditure budgets, which are regularly monitored and updated as considered necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing accounts payable and accrued liabilities, lease liability and option payment commitments. The Company endeavours not to maintain any trade payables beyond a 30-day period to maturity.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(Unaudited - Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS (continued)

General Objectives, Policies and Processes (continued)

Determination of Fair Value (continued)

The carrying amounts of cash and cash equivalents, receivables and accounts payable approximate fair value due to their short-term nature.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities which include cash and cash equivalents and marketable securities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) which include the net investment in sublease and lease liability; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company did not have any Level 2 or 3 financial instruments at June 30, 2021 or March 31, 2021. The Company's financial instruments were as follows:

	June 30, 2021	March 31, 2021
	$	$
Financial assets at FVTPL		
Cash and cash equivalents	3,917,973	1,208,319
Restricted cash	7,524,461	594,294
Marketable securities	356,620	411,361
Financial assets at amortized cost		
Receivables	113,158	81,892
Financial liabilities at amortized cost		
Accounts payable	405,698	112,233
Due to related parties	22,350	28,650

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company's strategy remains unchanged from the year ended March 31, 2021.

16. CAPITAL MANAGEMENT (continued)

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met.

In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's treasury management policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

17. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the Directors and Officers of the Company. Transactions with key management personnel and their related parties are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the three months ended June 30, 2021 and/or 2020:

- Joseph E. Mullin LLC ("**Mullin LLC**") is a private company controlled by the Company's CEO, Mr. Joseph Mullin;

- Mount Arvon Partners LLC ("**Mount Arvon**"), a private company controlled by the Company's CEO;

- TSquared Accounting Inc. ("**TSquared**") is a private company controlled by the Company's CFO, Mr. Tim Thiessen;

- Elemental Capital Partners LLP ("**Elemental**") is a partnership controlled by Dr. Fletcher Morgan, a former director; and

- Anacott Resources Corp. ("**Anacott**"), a public company in which Dr. Morgan was the former CEO and a director.

(Unaudited - Expressed in Canadian dollars)

17. RELATED PARTY TRANSACTIONS (continued)

a) Related Party Transactions

The Company's related party transactions for the three months ended June 30 were as follows:

		2021	2020
		$	$
Administration and labour	1	-	1,700
Consulting fees	2	66,000	69,000
Salaries	3	88,993	6,075
Share-based payments expense	4	297,136	33,881
Total		452,129	110,656

1 Administration and labour for the three months ended June 30, 2020 consisted of fees earned by Anacott.

2 Consulting fees for the three months ended June 30, 2021 consisted of fees of $45,000 earned by Mount Arvon for CEO services and $21,000 of fees earned by TSquared for CFO services. Consulting fees for the three months ended June 30, 2020 consisted of fees of $30,000 earned by Mullin LLC for CEO services, $21,000 earned by TSquared for CFO services and $18,000 earned by Elemental.

3 Salaries for the three months ended June 30, 2021 consisted of $49,500 earned by the Company's President, Tony Barresi, which are included in salaries and benefits, and $39,493 earned by the Company's Vice President of Exploration, Dave Fleming, which are included in exploration expenditures. Salaries for the three months ended June 30, 2020 consisted exclusively of amounts earned by the Company's Vice President of Exploration, Dave Fleming.

4 Share-based payments expense is the fair value of stock options that have been granted to key management personnel.

b) Related Party Balances

The following related party balances were included in accounts payable and accrued liabilities (Note 10):

		June 30, 2021	March 31, 2021
Accounts Payable	**Service for:**	$	$
Elemental	Executive Chairman	-	6,300
Mount Arvon	CEO	15,000	15,000
Tsquared	CFO	7,350	7,350
		22,350	28,650