

TEUTON RESOURCES CORP.

Condensed Financial Statements

Six Months Ended June 30, 2021

(Expressed in Canadian dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, "Continuous Disclosure Obligations", Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's external auditors, Manning Elliott LLP, have not performed a review of these condensed financial statements.

TEUTON RESOURCES CORP.

Condensed Statements of Financial Position
(Expressed in Canadian dollars)

	June 30, 2021 \$	December 31, 2020 \$
	(unaudited)	
Assets		
Current assets		
Cash	6,435,219	12,528,349
Marketable securities (Note 3)	15,096,985	6,967,116
Amounts receivable	31,255	65,614
Prepaid expenses and deposits	153,133	11,707
Total current assets	21,716,592	19,572,786
Non-current assets		
Due from related party (Note 6)	—	10,453
Reclamation bonds (Note 5)	228,900	151,400
Property and equipment (Note 4)	394,829	420,576
Exploration and evaluation assets (Note 5)	3,201,711	3,251,693
Total non-current assets	3,825,440	3,834,122
Total assets	25,542,032	23,406,908
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	37,162	73,236
Due to related parties (Note 6)	78,790	6,779
Total liabilities	115,952	80,015
Shareholders' equity		
Share capital (Note 7)	31,674,118	29,468,493
Share subscriptions received	50,000	—
Share-based payment reserve	4,034,002	3,158,319
Deficit	(10,332,040)	(9,299,919)
Total shareholders' equity	25,426,080	23,326,893
Total liabilities and shareholders' equity	25,542,032	23,406,908

Nature of operations and going concern (Note 1)

Subsequent events (Note 11)

Approved and authorized for issuance on behalf of the Board on August 30, 2021:

/s/ "Dino Cremonese"

Dino Cremonese, Director

/s/ "Robert Smiley"

Robert Smiley, Director

(The accompanying notes are an integral part of these condensed financial statements)

TEUTON RESOURCES CORP.

Condensed Statements of Operations and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

(unaudited)

	Three months ended June 30, 2021 \$	Three months ended June 30, 2020 \$	Six months ended June 30, 2021 \$	Six months ended June 30, 2020 \$
Expenses				
Consulting	22,500	15,000	47,269	40,000
Depreciation	3,346	3,938	6,691	7,836
Investor relations	17,624	—	17,624	4,683
Office, rent, and telephone (Note 6)	4,672	4,042	11,963	8,589
Professional fees	8,000	—	8,000	3,607
Salaries and benefits (Note 6)	45,996	42,441	94,984	89,436
Share-based compensation (Notes 6 and 9)	763,497	330,240	970,183	342,875
Transfer agent and regulatory fees	9,623	17,233	31,606	25,803
Travel	—	—	—	4,108
Total expenses	875,258	412,894	1,188,320	526,937
Loss before other income (expense)	(875,258)	(412,894)	(1,188,320)	(526,937)
Other income (expense)				
Interest income	4,629	—	15,203	—
Loss on disposal of property and equipment	—	—	(15,476)	—
Loss on sale of marketable securities	—	—	—	(331,240)
Option proceeds received in excess of capitalized costs (Note 5)	1,767,500	810,071	3,124,500	817,571
Unrealized gain (loss) on marketable securities (Note 3)	(4,332,942)	3,527,959	(2,968,028)	3,488,099
Total other income (expense)	(2,560,813)	4,338,030	156,199	3,974,430
Net income (loss) and comprehensive income (loss) for the period	(3,436,071)	3,925,136	(1,032,121)	3,447,493
Earnings (loss) per share - basic	(0.07)	0.09	(0.02)	0.08
Earnings (loss) per share - diluted	(0.07)	0.08	(0.02)	0.07
Weighted average number of common shares outstanding - basic	50,706,668	43,416,881	50,596,616	43,399,848
Weighted average number of common shares outstanding - diluted	50,706,668	47,970,378	50,596,616	47,953,345

(The accompanying notes are an integral part of these condensed financial statements)

TEUTON RESOURCES CORP.

Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Share	Share-based		Total
	Number of	Amount	subscriptions	payment	Deficit	shareholders'
	shares	\$	received	reserve	\$	equity
			\$	\$		\$
Balance, December 31, 2020	50,091,881	29,468,493	—	3,158,319	(9,299,919)	23,326,893
Shares issued pursuant to stock options exercised	475,000	200,625	—	(94,500)	—	106,125
Shares issued pursuant to warrants exercised	3,909,000	2,005,000	—	—	—	2,005,000
Fair value of stock options vested	—	—	—	970,183	—	970,183
Share subscriptions received	—	—	50,000	—	—	50,000
Net loss for the period	—	—	—	—	(1,032,121)	(1,032,121)
Balance, June 30, 2021	54,475,881	31,674,118	50,000	4,034,002	(10,332,040)	25,426,080
Balance, December 31, 2019	43,316,881	17,756,868	—	1,973,379	(13,239,087)	6,491,160
Shares issued pursuant to stock options exercised	100,000	41,000	—	(14,000)	—	27,000
Share subscriptions received	—	—	863,500	—	—	863,500
Fair value of stock options vested	—	—	—	342,875	—	342,875
Net income for the period	—	—	—	—	3,447,493	3,447,493
Balance, June 30, 2020	43,416,881	17,797,868	863,500	1,972,014	(9,791,594)	11,172,028

(The accompanying notes are an integral part of these condensed financial statements)

TEUTON RESOURCES CORP.

Condensed Statements of Cash Flows
(Expressed in Canadian dollars)
(unaudited)

	Six months ended June 30, 2021 \$	Six months ended June 30, 2020 \$
Operating activities		
Net income (loss) for the period	(1,032,121)	3,447,493
Items not involving cash:		
Depreciation	6,690	7,836
Loss on disposal of property and equipment	15,476	—
Loss on sale of marketable securities	—	331,240
Option proceeds received in excess of capitalized costs	(3,124,500)	(817,571)
Share-based compensation	970,183	342,875
Unrealized loss (gain) on marketable securities	2,968,028	(3,488,099)
Changes in non-cash operating working capital:		
Amounts receivable	34,359	15,208
Prepaid expenses and deposits	(141,426)	(5,000)
Accounts payable and accrued liabilities	(36,074)	(54,325)
Due to/from related parties, net	167,464	10,510
Net cash used in operating activities	(171,921)	(209,833)
Investing activities		
Proceeds from sale of marketable securities	—	490,977
Purchase of marketable securities	(9,600,000)	—
Exploration and evaluation asset expenditures	(30,835)	(9,619)
Mineral property option payments received	1,625,000	27,500
Purchase of property and equipment	—	(1,679)
Proceeds from disposal of property and equipment	1,000	—
Net cash provided by (used in) investing activities	(8,082,335)	507,179
Financing activities		
Proceeds from shares issued / share subscriptions received	2,161,125	890,500
Net cash provided by financing activities	2,161,125	890,500
Change in cash	(6,093,130)	1,187,846
Cash, beginning of period	12,528,349	818,657
Cash, end of period	6,435,219	2,006,503
Non-cash investing and financing activities:		
Depreciation of property and equipment included in exploration and evaluation assets	2,580	3,226
Fair value of marketable securities received as mineral property option payments	1,497,897	810,071
Fair value of stock options exercised transferred from share-based payment reserve to share capital	94,500	14,000

(The accompanying notes are an integral part of these condensed financial statements)

TEUTON RESOURCES CORP.

Notes to the Condensed Financial Statements
Six Months Ended June 30, 2021
(Expressed in Canadian dollars)
(unaudited)

1. Nature of Operations and Going Concern

Teuton Resources Corp. (the "Company") is an exploration stage company and is in the business of acquiring, exploring and dealing in mineral properties in the province of British Columbia, Canada. There has been no determination whether properties held contain economically recoverable ore reserves. The Company jointly conducts business and exploration activities with another publicly listed company, Silver Grail Resources Ltd. ("Silver Grail"). Silver Grail shares office premises and consultants and has common directors. The Company's head office and principal place of business is 2130 Crescent Road, Victoria, BC, Canada. The Company is listed as a Tier 2 mining issuer on the TSX Venture Exchange ("TSX-V") under the symbol "TUO".

In the ordinary course of business, the Company sells or options property interests to third parties, accepting as consideration cash and/or securities of the acquiring party. The Company attempts to realize upon the value of securities as opportunities present themselves. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the properties, the ability to obtain necessary financing to complete development, and future profitable production or proceeds from disposition.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2021, the Company has no source of recurring revenue and has an accumulated deficit of \$6,895,969. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Preparation

These unaudited condensed financial statements have been prepared in accordance with International Financial Reporting Standards applicable to interim financial information, as outlined in International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and using the accounting policies consistent with those in the audited financial statements as at and for the year ended December 31, 2020.

These unaudited condensed financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2020. Interim results are not necessarily indicative of the results expected for the fiscal year.

(b) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2021, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

TEUTON RESOURCES CORP.

Notes to the Condensed Financial Statements
Six Months Ended June 30, 2021
(Expressed in Canadian dollars)
(unaudited)

3. Marketable Securities

	December 31, 2020 Fair value \$	Additions \$	Disposals \$	Unrealized gain (loss) \$	June 30, 2021 Fair value \$
Marketable securities	6,967,116	11,097,897	—	(2,968,028)	15,096,985

The Company holds equity securities in publicly traded companies including its joint venture partner, Tudor Gold Corp. ("Tudor Gold"). As at June 30, 2021, the Company owns 5,998,927 (December 31, 2020 – 2,498,927) common shares of Tudor Gold with a fair value of \$14,817,350 (December 31, 2020 - \$6,647,116). During the six months ended June 30, 2021, the Company recorded an unrealized loss in the amount of \$2,968,028 (2020 –unrealized gain of \$3,488,099).

4. Property and Equipment

	Land \$	Building \$	Computer equipment \$	Field and drilling equipment \$	Furniture and equipment \$	Vehicle \$	Total \$
Cost:							
Balance, December 31, 2020	205,294	182,386	6,964	133,422	64,148	58,229	650,443
Disposals	—	—	—	(17,343)	—	—	(17,343)
Balance, June 30, 2021	205,294	182,386	6,964	116,079	64,148	58,229	633,100
Accumulated depreciation:							
Balance December 31, 2020	—	29,705	3,991	91,140	60,668	44,363	229,867
Additions	—	3,817	446	2,580	348	2,080	9,271
Disposals	—	—	—	(867)	—	—	(867)
Balance, June 30, 2021	—	33,522	4,437	92,853	61,016	46,443	238,271
Carrying amounts:							
As at December 31, 2020	205,294	152,681	2,972	42,283	3,480	13,866	420,576
As at June 30, 2021	205,294	148,864	2,527	23,226	3,132	11,786	394,829

TEUTON RESOURCES CORP.

Notes to the Condensed Financial Statements
Six Months Ended June 30, 2021
(Expressed in Canadian dollars)
(unaudited)

5. Exploration and Evaluation Assets

Exploration and evaluation assets consist of:

	Six months Ended June 30, 2021 \$	Year ended December 31, 2020 \$
Balance, beginning of period	3,251,693	3,180,798
Assays	—	14,326
Depreciation	2,580	7,319
Engineering (Note 6)	6,800	25,600
Filing fees	500	—
Equipment rental, safety personnel, and supplies	15,535	9,638
Geological and geophysical	8,000	9,175
Helicopters	—	14,353
Property taxes	—	8,094
Travel and accommodations	—	8,956
	33,415	97,461
B.C. mineral exploration tax credits	—	13,434
Property option and cost recoveries received	(3,207,897)	(903,371)
Option proceeds received in excess of capitalized costs	3,124,500	863,371
	(83,397)	(26,566)
Balance, end of period	3,201,711	3,251,693

(a) Skeena Mining Division, British Columbia

The Company owns or originally owned a 100% interest in the following properties in the Skeena Mining Division.

(i) Treaty Creek Property

On April 4, 2007, the Company entered into an option agreement with American Creek Resources Ltd. ("American Creek") whereby American Creek had the right to earn a 51% interest in the Company's Treaty Creek Property. Under the terms of the option agreement, American Creek earned a 51% interest in the Treaty Creek Property by issuing 100,000 shares and incurring exploration expenditures on the Treaty Creek Property aggregating \$5,000,000.

St. Andrew Goldfields Ltd. has a 2% net smelter return royalty ("NSR") on 24 of the 44 mineral claims included in the Treaty Creek property. A buy-back of 1% of the NSR for \$1,000,000 is exercisable at any time until six months has passed from the commencement of commercial production.

On May 10, 2016, the Company entered into a joint venture agreement with Tudor Gold Corp. ("Tudor Gold") and American Creek with respect to the Treaty Creek property. Pursuant to this joint venture agreement, Tudor Gold will issue 500,000 common shares in the capital of Tudor Gold to each of American Creek and the Company to purchase American Creek's 31% interest and the Company's 29% interest, respectively, in the property (received). Tudor Gold must also incur \$1,000,000 in exploration expenditures during the year ended December 31, 2016 (incurred).

TEUTON RESOURCES CORP.

Notes to the Condensed Financial Statements
Six Months Ended June 30, 2021
(Expressed in Canadian dollars)
(unaudited)

5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(i) Treaty Creek Property (continued)

Thereafter, Tudor Gold will hold an immediate 60% interest, and the Company and American Creek will each hold an immediate 20% interest in the joint venture. Both the Company and American Creek's interests are fully carried during the exploration period until a production notice is given. Once a production notice has been received, the Company and American Creek will each be responsible for 20% of the costs going forward under the terms of the joint venture agreement.

The Company retains a 0.98% NSR on certain core claims within the property and 0.49% NSR on peripheral claims.

(ii) Bonsai Property

The Company owns a 100% interest in the Bonsai property located in the Skeena Mining Division.

(iii) Leduc Silver Property

The Company owns a 100% interest in the Leduc Silver property located in the Skeena Mining Division.

(iv) Stamp Claims

The Company owns a 100% interest in the Stamp property located in the Skeena Mining Division.

(v) IC2 Claim

On August 5, 2010, the Company paid \$5,000 and issued 40,000 shares to acquire an undivided 100% interest in this mineral claim. The claim is subject to a 1.5% NSR capped at \$500,000. The IC2 Claim was included in the claims optioned to Pretium Resources on July 14, 2015. Refer to Note 6(a)(xvii).

(vi) Four J's Claims

On August 9, 2010 and as amended on August 4, 2016 and September 22, 2017, the Company entered into an option agreement with Rotation Minerals Ltd. ("Rotation") whereby Rotation can earn an undivided 50% interest in the Four J's claims, by paying the Company a total of \$180,000 and incurring \$1,800,000 in mineral exploration expenditures as follows:

Cash consideration to be paid to the Company:

- \$20,000 to be paid within 5 business days on execution of the agreement (received);
- a further \$25,000 to be paid on or before August 9, 2011 (received);
- a further \$30,000 to be paid on or before August 9, 2012 (received);
- a further \$15,000 to be paid on or before August 9, 2016 (received);
- a further \$20,000 to be paid on or before August 9, 2017 (received);
- a further \$30,000 to be paid on or before August 9, 2018 (defaulted); and
- a further \$40,000 to be paid on or before August 9, 2019.

Exploration expenditures to be incurred by Rotation:

- \$397,716 on or before September 30, 2016 (incurred);
- a further \$100,000 on or before December 31, 2016 (incurred);
- a further \$500,000 on or before December 31, 2018 (defaulted); and
- a further \$802,284 on or before December 31, 2019.

TEUTON RESOURCES CORP.

Notes to the Condensed Financial Statements
Six Months Ended June 30, 2021
(Expressed in Canadian dollars)
(unaudited)

5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(vi) Four J's Claims (continued)

Subject to Rotation duly exercising the first option above, Rotation was to be granted another option to earn an additional 20% interest in the property by performing and paying for such additional exploration work, engineering studies, and reports as may be necessary in order to deliver a feasibility study to the Company. Rotation has 60 days from the date it exercises the first option to elect to earn the additional interest pursuant to the terms of the second option. As of December 31, 2018, Rotation is in default and has determined that it would not be continuing with the option agreement.

(vii) Lord Nelson Property

On October 26, 2010 and as amended November 25, 2015 and May 16, 2018, the Company entered into an agreement to option out its Lord Nelson claims to Geofine Exploration Consultants Ltd. ("GFX"). On January 12, 2016, GFX entered into a Notice of Assignment with Millrock Resources Inc. ("MRO"), whereby GFX assigned to MRO all of GFX's right, obligation, interest and liabilities as Optionee under the option agreement with the Company.

In order to earn an undivided 100% interest in the property, MRO must pay the remaining \$120,000 balance of the \$210,000 of option payments and incur the remaining \$898,405 balance of the required \$1,200,000 in exploration expenditures as follows:

Cash consideration to be paid to the Company:

- \$15,000 on or before November 1, 2016 (received);
- a further \$20,000 to be paid on or before November 1, 2017 (received);
- a further \$17,500 to be paid on or before November 1, 2018 (received);
- a further \$17,500 to be paid on or before November 1, 2019; (in default) and
- a further \$50,000 to be paid on or before November 1, 2020.

Notwithstanding the above, each of the option payment requirements shall be reduced by a \$5,000 credit each year that GFX stores the Company's core at its facility.

The \$898,405 of exploration expenditures must be incurred by MRO on or before November 1, 2020 with no specific annual expenditure amounts required.

The Company retains an NSR of 2%. An advance royalty of \$50,000 a year, indexed to inflation, is payable to the Company beginning in 2016 (extended to November 1, 2020).

The optionee relinquished the claims on July 6, 2020.

On August 24, 2020, the Company entered into an agreement whereby Decade can earn up to a 75% interest in Lord Nelson property.

TEUTON RESOURCES CORP.

Notes to the Condensed Financial Statements
Six Months Ended June 30, 2021
(Expressed in Canadian dollars)
(unaudited)

5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(vii) Lord Nelson Property (continued)

To earn a 55% interest in the property, Decade must do the following:

Cash consideration to be paid to the Company:

- \$10,000 to be paid upon execution of the agreement (received);
- a further \$15,000 to be paid on or before the earlier of August 24, 2021 and the date which is 30 days after the date on which Decade has completed the year one exploration expenditures;
- a further \$20,000 to be paid on or before the earlier of August 24, 2022 and the date which is 30 days after the date on which Decade has completed the year two exploration expenditures;
- a further \$25,000 to be paid on or before the earlier of August 24, 2023 and the date which is 30 days after the date on which Decade has completed the year three exploration expenditures; and
- a further \$30,000 to be paid on or before the earlier of August 24, 2024 and the date which is 30 days after the date on which Decade has completed the year four exploration expenditures.

Share consideration to be paid by Decade:

- 400,000 shares to be issued upon Exchange approval (received);
- a further \$15,000 worth of shares on the earlier of August 24, 2021 and 30 days after the date that Decade has completed the year one exploration expenditures;
- a further \$20,000 worth of shares on the earlier of August 24, 2022 and 30 days after the date that Decade has completed the year two exploration expenditures;
- a further \$25,000 worth of shares on the earlier of August 24, 2023 and 30 days after the date that Decade has completed the year three exploration expenditures; and
- a further \$30,000 worth of shares on the earlier of August 24, 2024 and 30 days after the date that Decade has completed the year four exploration expenditures.

Exploration expenditures to be incurred by Decade:

- \$200,000 on or before August 24, 2021;
- a further \$250,000 on or before August 24, 2022;
- a further \$300,000 on or before August 24, 2023;
- a further \$500,000 on or before August 24, 2024; and
- a further \$750,000 on or before August 24, 2025.

Decade has the right to earn an additional 20% interest by placing the property into production. The Company retains a 2% NSR.

(viii) High South Claims

On April 11, 2011, the Company issued 600,000 common shares with a fair value of \$342,000 pursuant to an agreement to purchase 12 mineral claims situated in the High South region. These claims are subject to a 2% NSR.

TEUTON RESOURCES CORP.

Notes to the Condensed Financial Statements
Six Months Ended June 30, 2021
(Expressed in Canadian dollars)
(unaudited)

5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(ix) Fairweather Property

On December 15, 2015, the Company entered into an option agreement with Tudor Holdings Ltd. ("Tudor") whereby Tudor has the right to earn a 100% interest in the Company's Fairweather property located in the Skeena Mining Division. On May 24, 2016, Tudor assigned its right, obligation, interest and liabilities as Optionee under the option agreement with the Company to Tudor Gold.

The property consists of six claims. On December 20, 2016, the Company entered into an amending agreement with Tudor Gold. To earn the 100% interest, Tudor Gold must pay a total of \$350,000 and issue 700,000 shares in the capital of Tudor Gold to the Company over five years.

On August 29, 2018, the Company entered into an amending agreement with Tudor Gold to reduce the total cash to be paid by \$50,000 and increase the number of shares to be issued by 166,667.

On July 10, 2019, the Company entered into an amending agreement with Tudor Gold to reduce the total cash to be paid by \$60,000 and increase the number of shares to be issued by 150,000.

Cash consideration to be paid:

- \$30,000 to be paid upon signing of the agreement (received);
- a further \$20,000 to be paid on or before December 20, 2016 (received);
- a further \$70,000 to be paid on or before December 15, 2019 (extended to June 1, 2020) (received Tudor Gold shares in lieu); and
- a further \$120,000 to be paid on or before December 15, 2020 (received).

Tudor has agreed to use its commercially reasonable efforts to sell the claims in the agreement to Tudor Gold at cost. The shares of Tudor Gold will then be issued to the Company as follows:

Share consideration to be paid:

- 250,000 shares of Tudor Gold to be issued within five days of Tudor Gold receiving regulatory approval for the sale of the claims from Tudor to Tudor Gold (received);
- a further 50,000 shares of Tudor Gold to be issued on or before December 15, 2016 (received);
- a further 216,667 shares of Tudor Gold to be issued within two days of Tudor Gold receiving regulatory approval for the amended agreement dated August 29, 2018 (received);
- a further 200,000 shares of Tudor Gold to be issued within five days of Tudor Gold receiving regulatory approval for the amended agreement dated July 10, 2019 (received);
- a further 50,000 shares of Tudor Gold to be issued on or before December 15, 2019 (extended to June 1, 2020) (received); and
- a further 250,000 shares of Tudor Gold to be issued on or before December 15, 2020 (received).

The Company retains an NSR of 1.0% to 2.0% with no buyback.

(x) Tennyson Property, British Columbia

The Company owns a 100% interest in the Tennyson gold-copper property located in the Skeena Mining Division.

TEUTON RESOURCES CORP.

Notes to the Condensed Financial Statements
Six Months Ended June 30, 2021
(Expressed in Canadian dollars)
(unaudited)

5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(xi) Harry Property

On September 4, 2020, the Company entered into an agreement whereby Jayden Resources Inc. ("Jayden") can earn up to a 75% interest in the Company's Harry property.

To earn a 55% interest in the property, Jayden must do the following:

Cash consideration to be paid to the Company:

- \$25,000 to be paid upon execution of the agreement (subject to Exchange approval) (received)
- a further \$30,000 to be paid on or before the earlier of September 4, 2021 and the date which is 30 days after the date on which Jayden has completed the Year One Expenditures;
- a further \$35,000 to be paid on or before the earlier of September 4, 2022 and the date which is 30 days after the date on which Jayden has completed the Year Two Expenditures;
- a further \$40,000 to be paid on or before the earlier of September 4, 2023 and the date which is 30 days after the date on which Jayden has completed the Year Three Expenditures; and
- a further \$50,000 to be paid on or before the earlier of September 4, 2024 and the date which is 30 days after the date on which Jayden has completed the Year Four Expenditures.

Exploration expenditures to be incurred by Jayden:

- \$100,000 on or before September 4, 2021 ("Year One Expenditures");
- a further \$250,000 on or before September 4, 2022 ("Year Two Expenditures");
- a further \$300,000 on or before September 4, 2023 ("Year Three Expenditures");
- a further \$500,000 on or before September 4, 2024 ("Year Four Expenditures"); and
- a further \$850,000 on or before September 4, 2025 ("Year Five Expenditures").

Jayden has the right to earn an additional 20% interest by placing the property into production. The Company will be granted a 2% NSR upon Jayden earning its 55% interest in the property.

(xii) Delta Property

On March 1, 2016, the Company entered into an option agreement with Tudor whereby Tudor has the right to earn a 100% interest in the Company's Delta property located in the Skeena Mining Division. On May 24, 2016, Tudor assigned its right, obligation, interest and liabilities as Optionee under the option agreement with the Company to Tudor Gold. The property consists of 10 claims. To earn the 100% interest, Tudor must pay a total of \$1,000,000 to the Company over four years.

On August 29, 2018, the Company entered into an amending agreement with Tudor Gold to reduce the total cash to be paid by \$100,000 and increase the number of shares to be issued by 333,333.

On July 10, 2019, the Company entered into an amending agreement with Tudor Gold to reduce the total cash to be paid by \$100,000 and increase the number of shares to be issued by 200,000.

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5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(xii) Delta Property (continued)

Cash consideration to be paid:

- \$100,000 to be paid upon signing of the agreement (received);
- a further \$100,000 to be paid on or before March 1, 2017 (received);
- a further \$100,000 to be paid on or before March 1, 2020 (extended to June 1, 2020 (received Tudor Gold shares in lieu);
- a further \$200,000 to be paid on or before March 1, 2021 (received); and
- a further \$300,000 to be paid on or before March 1, 2022 (received).

Share consideration to be paid:

- 333,333 shares to be issued within five days of Tudor Gold receiving regulatory approval for the amended agreement dated August 29, 2018 (received); and
- 200,000 shares to be issued within five days of Tudor receiving regulatory approval for the amended agreement dated July 10, 2019 (received)

The Company retains an NSR of 1.5 to 2.5% with no buyback.

(xiii) High North Property

On March 1, 2016, the Company entered into an option agreement with Tudor whereby Tudor has the right to earn a 100% interest in the Company's High North property located in the Skeena Mining Division. On May 24, 2016, Tudor assigned its right, obligation, interest and liabilities as Optionee under the option agreement with the Company to Tudor Gold. The property consists of 5 claims. To earn the 100% interest, Tudor must pay a total of \$1,000,000 to the Company over four years.

On August 29, 2018, the Company entered into an amending agreement with Tudor Gold to reduce the total cash to be paid by \$100,000 and increase the number of shares to be issued by 333,333.

On July 10, 2019, the Company entered into an amending agreement with Tudor Gold to reduce the total cash to be paid by \$100,000 and increase the number of shares to be issued by 200,000.

Cash consideration to be paid:

- \$100,000 to be paid upon signing of the agreement (received);
- a further \$100,000 to be paid on or before March 1, 2017 (received);
- a further \$100,000 to be paid on or before March 1, 2020 (extended to June 1, 2020) (received Tudor Gold shares in lieu);
- a further \$200,000 to be paid on or before March 1, 2021 (received); and
- a further \$300,000 to be paid on or before March 1, 2022 (received).

Share consideration to be paid:

- 333,333 shares to be issued within five days of Tudor Gold receiving regulatory approval for the amended agreement dated August 29, 2018 (received); and
- 200,000 shares to be issued within five days of Tudor Gold receiving regulatory approval for the amended agreement dated July 10, 2019 (received).

The Company retains an NSR of 2.5% with no buyback.

TEUTON RESOURCES CORP.

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5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(xiv) Orion Property

On June 1, 2016, the Company entered into an option agreement with Tudor Gold whereby Tudor Gold has the right to earn a 100% interest in the Company's Orion property located in the Skeena Mining Division. The property consists of 8 claims. To earn the 100% interest, Tudor Gold must pay a total of \$700,000 and issue 700,000 shares to the Company over five years.

On August 29, 2018, the Company entered into an amending agreement with Tudor Gold to reduce the total cash to be paid by \$50,000 and increase the number of shares to be issued by 166,667.

On July 10, 2019, the Company entered into an amending agreement with Tudor Gold to reduce the total cash to be paid by \$50,000 and increase the number of shares to be issued by 125,000.

Cash consideration to be paid:

- \$50,000 to be paid upon signing of the agreement (received);
- a further \$50,000 to be paid on or before June 1, 2017 (received);
- a further \$50,000 to be paid on or before June 1, 2020 (received Tudor Gold shares in lieu); and
- a further \$450,000 to be paid on or before June 1, 2021 (received).

Share consideration to be paid:

- 250,000 shares to be issued within five days of Tudor Gold receiving regulatory approval for the sale of the claims from Tudor to Tudor Gold (received);
- a further 50,000 shares of Tudor Gold to be issued on or before June 1, 2017 (received);
- a further 216,667 shares to be issued within five days of Tudor Gold receiving regulatory approval for the amended agreement dated August 29, 2018 (received);
- a further 175,000 shares to be issued within five days of Tudor Gold receiving regulatory approval for the amended agreement dated July 10, 2019 (received);
- a further 50,000 shares of Tudor Gold to be issued on or before June 1, 2020 (received); and
- a further 250,000 shares of Tudor Gold to be issued on or before June 1, 2021 (received).

The Company retains an NSR of 2.5% with no buyback.

(xv) Del Norte and Midas Properties

The Company owns a 100% interest in the Del Norte Property and a 75% interest in the Midas Property. The Del Norte property consists of 23 claims. The Midas property is jointly owned with Silver Grail and consists of 7 claims.

On January 7, 2020, the Company entered into an option agreement with Decade Resources Ltd. ("Decade") whereby Decade can earn up to a 75% interest in the Del Norte property.

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5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(xv) Del Norte and Midas Properties (continued)

To earn a 55% interest in the property, Decade must do the following:

Cash consideration to be paid by Decade:

- \$20,000 to be paid on January 7, 2020 (received);
- a further \$30,000 to be paid on or before the earlier of January 7, 2021 and 30 days after the date that Decade has made the Year One Expenditures (received);
- a further \$40,000 to be paid on or before the earlier of January 7, 2022 and 30 days after the date that Decade has made the Year Two Expenditures;
- a further \$50,000 to be paid on or before the earlier of January 7, 2023 and 30 days after the date that Decade has made the Year Three Expenditures; and
- a further \$60,000 to be paid on or before the earlier of January 7, 2024 and 30 days after the date that Decade has made the Year Four Expenditures.

Share consideration to be paid by Decade:

- 800,000 shares to be issued upon receipt of Exchange approval (received);
- a further \$30,000 worth of shares (based on the weighted average closing price for shares for the 20 trading days preceding the date of issuance) on the earlier of January 7, 2021 and 30 days after the date that Decade has made the Year One Expenditures (received);
- a further \$40,000 worth of shares (based on the weighted average closing price for shares for the 20 trading days preceding the date of issuance) on the earlier of January 7, 2022 and 30 days after the date that Decade has made the Year Two Expenditures;
- a further \$50,000 worth of shares (based on the weighted average closing price for shares for the 20 trading days preceding the date of issuance) on the earlier of January 7, 2023 and 30 days after the date that Decade has made the Year Three Expenditures; and
- a further \$60,000 worth of shares (based on the weighted average closing price for shares for the 20 trading days preceding the date of issuance) on the earlier of January 7, 2024 and 30 days after the date that Decade has made the Year Four Expenditures.

Exploration expenditures to be incurred by Decade:

- \$400,000 on or before January 7, 2021 ("Year One Expenditures");
- a further \$500,000 on or before January 7, 2022 ("Year Two Expenditures");
- a further \$600,000 on or before January 7, 2023 ("Year Three Expenditures");
- a further \$1,000,000 on or before January 7, 2024 ("Year Four Expenditures"); and
- a further \$1,500,000 on or before January 7, 2025 ("Year Five Expenditures").

Decade has the right to earn an additional 20% interest by placing the property into production. The Company retains a 2% NSR.

TEUTON RESOURCES CORP.

Notes to the Condensed Financial Statements
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5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(xvi) King Tut, Tuck, and Silver Crown West Claims

On July 14, 2015 and as amended on April 21, 2016, the Company entered into an option agreement with Pretium Resources Inc. ("Pretium") whereby Pretium has the right to earn a 100% interest in the Company's King Tut, Tuck, and Silver Crown West properties located in the Skeena Mining Division. The King Tut and Tuck properties are 100% owned by the Company while the Silver Crown West properties are jointly owned by the Company and Silver Grail. All three properties consist of 18 claims. To earn the 100% interest, Pretium must pay a total of \$1,800,000 to the Company over four years as follows:

Cash consideration to be paid:

- \$100,000 to be paid upon signing of the agreement (received);
- a further \$150,000 to be paid on or before August 15, 2015, after Pretium has obtained the approval of its Board of Directors to the agreement (received);
- a further \$250,000 to be paid on or before January 14, 2016 (received);
- a further \$250,000 to be paid on or before July 14, 2016 (received);
- a further \$250,000 to be paid on or before July 14, 2017 (received);
- a further \$400,000 to be paid on or before July 14, 2018 (received); and
- a further \$400,000 to be paid on or before July 14, 2019 (received).

The Company retains an NSR of 2% with no buyback.

Concurrently, the Company and Silver Grail entered into a letter agreement with regards to the option agreement between Pretium and the Company. As the Silver Crown West property is jointly owned by the Company and Silver Grail, as consideration, \$50,000 of the option proceeds are to be applied against any outstanding debt owed from Silver Grail to the Company (the "Debt"). Silver Grail retains one-half of any NSR payable by Pretium to the Company in regards to mineral production from the Silver Crown West property. If during this process the debt has been repaid, then Silver Grail is entitled to its share of the option proceeds and NSR in cash payments.

The Company jointly owns or originally jointly owned the following properties in the Skeena Mining Division with Silver Grail.

(xvii) Clone Property

On November 28, 2005, the Company and Silver Grail entered into an option agreement with Makena Resources Inc. ("Makena") whereby Makena has the right to earn a 50% interest in Silver Grail's and the Company's jointly owned Clone property, then comprised of 9 claims. An additional 10 claims were added to the property by staking in 2006.

Under the terms of the option agreement, Makena earned 50% interest in the properties by paying a total of \$120,000 cash consideration and incurring exploration expenditures on the Clone property aggregating \$1,800,000.

On September 27, 2017 (as amended October 3, 2018), the Company and Silver Grail entered into an option agreement with Sunvest Minerals Corporation ("Sunvest"), whereby Sunvest has the right to earn the Company and Silver Grail's 50% beneficial interest in the Clone Property. To earn this interest Sunvest is to issue a total of 5,000,000 of its shares, pay a total of \$200,000, and incur exploration expenditures on the property aggregating \$1,950,000.

TEUTON RESOURCES CORP.

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5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(xvii) Clone Property (continued)

On October 3, 2018, the Company entered into an amending agreement with Sunvest to reduce the total cash to be paid by \$25,000 and reduce the number of shares to be issued by 1,000,000.

Cash consideration to be paid equally to the Company and Silver Grail:

- \$25,000 to be paid on execution of the agreement (received);
- a further \$75,000 (\$50,000 in cash and issuance of 500,000 shares in lieu of the remaining balance) to be paid on or before September 27, 2018 (received); and
- a further \$100,000 to be paid on or before September 27, 2019 (not incurred; see below).

Shares in the common stock of Sunvest to be issued equally to the Company and Silver Grail:

- 1,500,000 shares to be issued within five business days of September 27, 2017 (received);
- a further 1,500,000 shares to be issued on or before September 27, 2018 (received); and
- a further 2,000,000 shares to be issued on or before September 27, 2019.

Exploration expenditures to be incurred by Sunvest:

- \$350,000 on or before September 27, 2018 (incurred);
- \$600,000 on or before September 30, 2019 (not incurred; see below); and
- \$1,000,000 on or before September 30, 2020 (not incurred; see below).

The Company and Silver Grail retain an NSR of 2%, one-half of which can be repurchased for \$1,500,000.

As of November 6, 2019, Sky Gold Corp. (formerly Sunvest Minerals Corporation) will no longer pursue the option agreement to earn an interest in the Clone project entered into with Silver Grail and the Company.

On November 15, 2019, the Company entered into an agreement with Gigs Capital Corp. (who in turn, acquired its interest by assignment from Makena) to purchase a 50% interest in the Clone Property for \$200,000. The Company now owns 75% of the Clone property with the remaining 25% owned by the Silver Grail.

(xviii) Konkin Silver Property

On April 20, 2004, the Company and Silver Grail purchased a 100% interest in 2 claims representing eight units situated within the boundaries of the Konkin Silver property. In fiscal 2004, the Company issued 50,000 of its shares at a fair value of \$13,750 and paid \$10,000 to the vendor for its 50% share of the claims. The vendor retains a 2% NSR, one-half of which can be purchased for \$1,000,000 until 18 months following the commencement of commercial production.

TEUTON RESOURCES CORP.

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5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(xix) Bay Silver Claims

The Company owns a 50% interest in the Bay Silver property located in the Skeena Mining Division. Silver Grail owns the remaining 50% interest.

On August 16, 2018, the Company and Silver Grail entered into an agreement to option out their Bay Silver Property to AUX Resources Corp. (formerly Auramex Resources Corp.) ("Auramex"), whereby Auramex has the right to earn an undivided 100% ownership in the property. To earn this interest, Auramex is to issue 100,000 of its shares (Auramex effected a 1-for-5 share consolidation on June 30, 2020) and pay a total of \$120,000 as follows:

Cash consideration to be paid equally to Company and Silver Grail:

- \$10,000 to be paid on execution of the agreement (received);
- a further \$15,000 to be paid on or before July 28, 2019 (received);
- a further \$20,000 to be paid on or before July 28, 2020 (received);
- a further \$25,000 to be paid on or before July 28, 2021 (received); and
- a further \$50,000 to be paid on or before July 28, 2022 (received).

Common shares of Auramex to be issued equally to the Company and Silver Grail:

- 20,000 shares to be issued within three business days of regulatory approval for this agreement (received);
- a further 20,000 shares to be issued on or before July 28, 2019 (received);
- a further 20,000 shares to be issued on or before July 28, 2020 (received);
- a further 20,000 shares to be issued on or before July 28, 2021 (received); and
- a further 20,000 shares to be issued on or before July 28, 2021 (received).

Upon the exercise of the option, the Company and Silver Grail will retain a 2% NSR with an advance royalty payment of \$50,000 plus an additional increment payable according to inflation between 2018 and 2025 as measured by the Canadian Consumer Price Index ("CPI") first due from Auramex on June 28, 2025. The advance royalty will thereafter be payable yearly on July 28, as adjusted by the CPI. Auramex will have the right to purchase one-half of the Company's and Silver Grail's NSR at any time up to including ninety days after the commencement of commercial production on the property by paying \$1,000,000.

(xx) Silver Crown Property

The Company owns a 50% interest in the Silver Crown property located in the Skeena Mining Division. Silver Grail owns the remaining 50% interest.

On March 15, 2019, the Company and Silver Grail entered into an agreement to option out their Silver Crown Property to Auramex, whereby Auramex has the right to earn an undivided 100% ownership in the property. To earn this interest, Auramex is to issue 100,000 of its shares and pay a total of \$120,000 as follows:

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5. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(xx) Silver Crown Property (continued)

Cash consideration to be paid equally to Company and Silver Grail:

- \$10,000 to be paid on execution of the agreement (received);
- a further \$15,000 to be paid on or before March 15, 2020 (received);
- a further \$20,000 to be paid on or before March 15, 2021 (received);
- a further \$25,000 to be paid on or before March 15, 2022 (received); and
- a further \$50,000 to be paid on or before March 15, 2023 (received).

Common shares of Auramex to be issued equally to the Company and Silver Grail:

- 20,000 shares to be issued within three business days of regulatory approval for this agreement (received);
- a further 20,000 shares to be issued on or before March 15, 2020 (received);
- a further 20,000 shares to be issued on or before March 15, 2021 (received);
- a further 20,000 shares to be issued on or before March 15, 2022 (received); and
- a further 20,000 shares to be issued on or before March 15, 2023 (received).

(b) Roman Property, New Westminster Mining Division, British Columbia

The Company owns a 50% interest in 8 claims located in the New Westminster Mining Division. The remaining 50% interest is owned by Silver Grail.

(c) Reclamation Bonds

Reclamation bonds are amounts pledged to the province of British Columbia for property reclamation. The bonds mature and roll over each year until the Company is released from its obligations.

6. Related Party Transactions

- For the six months ended June 30, 2021, the Company incurred salary of \$90,000 (2020 - \$72,000), office, rent, and telephone expenses of \$2,400 (2020 - \$3,600), and engineering fees that were capitalized to exploration and evaluation assets of \$6,800 (2020 - \$nil) to the President of the Company.
- For the six months ended June 30, 2021, the Company incurred salary of \$nil (2020 - \$12,000) to the spouse of the President of the Company.
- As at June 30, 2021, the amount of \$4,616 (December 31, 2020 - \$6,779) was owed to the President of the Company, which is non-interest bearing, unsecured and due on demand.
- The Company carries on joint exploration activity with Silver Grail, a company having directors in common with the Company. As at June 30, 2021, the Company owns 207,932 common shares in Silver Grail with a fair value of \$35,348 (December 31, 2020 - \$44,705). As at June 30, 2021, the amount of \$74,174 was owed to (December 31, 2020 - \$10,453 was owed from) Silver Grail, which is non-interest bearing, secured by certain mineral properties owned jointly with the Company, and due on demand.
- During the six months ended June 30, 2021, the Company incurred share-based compensation of \$970,183 (2020 - \$342,875) to officers and directors of the Company.

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7. Share Capital

- (a) During the six months ended June 30, 2021, the Company issued 3,909,000 common shares for proceeds of \$2,005,000 pursuant to the exercise of share purchase warrants.
- (b) During the six months ended June 30, 2021, the Company issued 475,000 common shares for proceeds of \$200,625 pursuant to the exercise of stock options. The fair value of the stock options exercised of \$94,500 was reallocated from share-based payment reserve to share capital.

8. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2020	4,650,000	0.52
Exercised	(3,909,000)	0.51
Balance, June 30, 2021	741,000	0.55

As at June 30, 2021 the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
261,000	1.00	July 8, 2021
480,000	0.30	July 24, 2021
741,000		

9. Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares at the time of the grant. The exercise price of each option shall not be less than the market price of the Company's stock on the date of the grant. Options granted under the plan have a maximum term of 10 years and vest as determined by the board of directors, except for options granted to consultants performing investor relations activities, which vest as to 25% three months from the grant date and 25% every three months thereafter, such that the options are 100% vested 12 months after the grant date.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2020	4,665,000	0.71
Granted	342,500	2.68
Exercised	(475,000)	0.22
Outstanding, June 30, 2021	4,532,500	0.85

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9. Stock Options (continued)

Additional information regarding stock options outstanding as at June 30, 2021 is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.195	950,000	1.2	0.195
0.225	580,000	3.0	0.225
0.27	1,000,000	—	0.27
0.50	960,000	3.9	0.50
2.68	1,042,500	4.4	2.68
	4,532,500	2.5	0.85

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures, and the following weighted average assumptions:

	Six months ended June 30, 2021	Six months ended June 30, 2020
Risk-free interest rate	0.87%	1.46%
Expected life (in years)	5	2.5
Expected volatility	106%	81%

The total fair value of the stock options recognized during the six months ended June 30, 2021 was \$970,183 (2020 – \$342,875), which was recorded as share-based payment reserve and charged to operations. The weighted average grant date fair value of stock options granted during the six months ended June 30, 2021 was \$2.02 (2020 - \$0.24) per share. The weighted average stock price at the time stock options were exercised during the six months ended June 30, 2021 was \$2.52 (2020 - \$0.50)

10. Segmented Information

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Canada.

11. Subsequent Events

- (a) On July 16, 2021, the Company issued 1,000,000 common shares for proceeds of \$270,000 pursuant to the exercise of stock options.
- (b) Subsequent to June 30, 2021, the Company issued 741,000 common shares for proceeds of \$405,000 pursuant to the exercise of share purchase warrants, of which \$50,000 was received as at June 30, 2021.