



BOLT METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

**(Expressed in Canadian Dollars)
(Unaudited)**

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

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

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

BOLT METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(Unaudited)

AS AT

	June 30, 2021	December 31, 2020
ASSETS		
Current		
Cash	\$ 587,043	\$ 395,941
Receivables	13,408	35,314
Prepaid expenses	<u>89,678</u>	<u>48,822</u>
	690,129	480,077
Equipment (Note 4)	17,836	27,590
Right-of-use assets (Note 5)	-	2,944
Exploration and evaluation assets (Note 6)	<u>741,948</u>	<u>741,948</u>
	<u>\$ 1,449,913</u>	<u>\$ 1,252,559</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 7 and 11)	\$ 464,469	\$ 511,479
Taxes payable	<u>71,200</u>	<u>71,200</u>
	<u>535,669</u>	<u>582,679</u>
Equity		
Share capital (Note 8)	15,273,354	14,581,920
Reserves (Note 8)	16,266	851,119
Deficit	<u>(14,462,909)</u>	<u>(14,841,041)</u>
Equity attributable to the Company's shareholders	826,711	591,998
Non-controlling interest (Note 10)	<u>87,533</u>	<u>77,882</u>
	<u>914,244</u>	<u>669,880</u>
	<u>\$ 1,449,913</u>	<u>\$ 1,252,559</u>

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**SUBSEQUENT EVENTS** (Note 16)

Approved and authorized on behalf of the Board:

"Ranjeet Sundher"
Director

"Steve Vanry"
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

BOLT METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
EXPENSES				
Consulting fees (Note 11)	\$ 4,500	\$ 4,500	\$ 9,000	\$ 412,797
Corporate development (Note 11)	-	22,500	-	46,500
Exploration expenditures (Note 6)	64,397	74,126	125,061	133,732
Foreign exchange	(1,946)	22,909	(10,688)	8,502
Interest and bank charges	876	669	1,233	1,548
Investor relations	-	-	-	149
Office and miscellaneous	20,313	17,732	36,960	44,542
Management fees (Note 11)	46,505	74,788	94,294	164,111
Marketing	25,000	10,500	25,000	314,809
Professional fees (Note 11)	37,836	54,006	68,627	115,761
Property investigation costs (Notes 9 and 11)	4,500	4,500	9,000	9,000
Rent	-	2,250	750	4,500
Share-based payments (Notes 8 and 11)	-	13,544	-	711,539
Shareholder liaison and filing fees	12,533	10,328	24,317	24,069
Transfer agent	1,955	3,253	3,733	7,921
Travel	-	1,170	-	24,631
	<u>(216,469)</u>	<u>(316,775)</u>	<u>(387,287)</u>	<u>(2,024,111)</u>
Gain on settlement of accounts payable (Note 8)	-	-	-	107,000
	-	-	-	<u>107,000</u>
Loss and comprehensive loss for the period	\$ (216,469)	\$ (316,775)	\$ (387,287)	\$ (1,917,111)
Loss and comprehensive loss attributable to:				
Equity holders of the Company	\$ (218,201)	\$ (305,399)	\$ (396,938)	\$ (1,915,689)
Non-controlling interest (Note 10)	<u>1,732</u>	<u>(11,376)</u>	<u>9,651</u>	<u>(1,422)</u>
	<u>\$ (216,469)</u>	<u>\$ (316,775)</u>	<u>\$ (387,287)</u>	<u>\$ (1,917,111)</u>
Basic and diluted loss per common share	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.16)
Weighted average number of common shares outstanding	15,561,822	12,225,774	13,109,531	11,773,218

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

BOLT METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (387,287)	\$ (1,917,111)
Items not affecting cash:		
Depreciation	12,698	15,643
Share-based payments	-	711,539
Gain on settlement of accounts payable	-	(107,000)
Interest on lease liability	-	212
Changes in non-cash working capital items:		
Receivables	21,906	(13,209)
Prepaid expenses	(40,856)	(2,897)
Accounts payable and accrued liabilities	(47,010)	191,072
Net cash used in operating activities	(440,549)	(1,121,751)
CASH FLOWS FROM INVESTING ACTIVITY		
Advance non-controlling interest payment	(76,049)	(83,404)
Net cash used in investing activity	(76,049)	(83,404)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of common shares	722,400	742,164
Proceeds from exercise of warrants	-	1,121,066
Share issue costs	(14,700)	(19,576)
Lease payments	-	(12,900)
Net cash provided by financing activities	707,700	1,830,754
Change in cash for the period	191,102	625,599
Cash, beginning of period	395,941	202,730
Cash, end of period	\$ 587,043	\$ 828,329

Supplemental disclosure with respect to cash flows (Note 12)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

BOLT METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital				Non- controlling interest	
	Number	Amount	Reserves	Deficit		Total
Balance at December 31, 2019	9,965,772	12,260,266	371,932	(12,464,598)	101,103	268,703
Shares issued for cash	951,493	742,164	-	-	-	742,164
Shares issued for exercise of warrants	862,356	1,121,066	-	-	-	1,121,066
Share issue costs	-	(19,576)	-	-	-	(19,576)
Shares issued for settlement of accounts payable	446,153	478,000	-	-	-	478,000
Share-based payments	-	-	711,539	-	-	711,539
Allocation of expired options	-	-	(242,026)	242,026	-	-
Advance non-controlling interest payment (Note 6)	-	-	-	(83,404)	-	(83,404)
Loss for the period	-	-	-	(1,915,689)	(1,422)	(1,917,111)
Balance at June 30, 2020	12,225,774	\$ 14,581,920	\$ 841,445	\$ (14,221,665)	\$ 99,681	\$ 1,301,381
Balance at December 31, 2020	12,225,774	\$ 14,581,920	\$ 851,119	\$ (14,841,041)	\$ 77,882	\$ 669,880
Shares issued for cash	2,580,000	722,400	-	-	-	722,400
Share issue costs	-	(30,966)	16,266	-	-	(14,700)
Allocation of cancelled options	-	-	(851,119)	851,119	-	-
Advance non-controlling interest payment (Note 6)	-	-	-	(76,049)	-	(76,049)
Loss for the period	-	-	-	(396,938)	9,651	(387,287)
Balance at June 30, 2021	14,805,774	\$ 15,273,354	\$ 16,266	\$ (14,462,909)	\$ 87,533	\$ 914,244

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

1. NATURE OF OPERATIONS AND GOING CONCERN

Bolt Metals Corp. ("the Company") operates in the mineral resource industry and trades on the Canadian Securities Exchange ("CSE") under the symbol BOLT, on the OTCQB under the symbol PCRCF, and on the Frankfurt Exchange under the symbol NXFE. The Company's head office is located at Suite 300 - Bellevue Centre, 235 - 15th Street, West Vancouver, BC, V7T 2X1 and its registered records office is located at Pacific Centre, 400 - 725 Granville Street, Vancouver, BC, V7Y 1G5.

The Company's principal business activities include the acquisition and exploration of mineral exploration and evaluation assets in Indonesia. The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company's continuation as a going concern is dependent upon the successful results from its business activities, its ability to obtain profitable operations and generate funds, and/or complete financings sufficient to meet current and future obligations, which in turn is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. The Company will be required to raise funding to continue operations in the upcoming year. These material uncertainties may cast significant doubt as to the ability of the Company to continue as a going concern. Management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations or its ability to raise funds.

2. BASIS OF PREPARATION**Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020, prepared in accordance with IFRS as issued by the IASB.

Approval of the financial statements

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on August 30, 2021.

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (cont'd...)**Basis of presentation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value.

Functional and presentation currency

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

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

For partially owned subsidiaries, non-controlling interest represents the portion of a subsidiary's earnings and losses and net assets that is not held by the Company. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Name of Subsidiary	Country of Incorporation	Percentage of Ownership	Principal Activity
1121844 BC Ltd.	Canada	100%	Holding company
Cobalt Power (Asia) Limited ("CPA HK")	Hong Kong	100%	Holding company
Pacific Rim Mining Limited	Hong Kong	100%	Inactive
Pacific Rim Processing Limited	Hong Kong	100%	Holding company
Minerals Harvest Limited	Hong Kong	100%	Holding company
PT. Tablasufa Nickel Mining ("TNM")	Indonesia	65%	Exploration in Indonesia
PT. Pacific Rim Mineral Indonesia	Indonesia	100%	Exploration in Indonesia

Significant estimates

The preparation of these condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (cont'd...)**Significant estimates (cont'd...)**Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Determination of income taxes

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are, but are not limited to, the following:

Acquisition of non-controlling interest "NCI" over time

The Company has entered into an agreement to acquire a remaining 35% interest in a company holding a mineral project over a three year period. The acquisition payments are capital transactions and are recorded through deficit. Upon completion of the acquisition of the 35% interest, the Company will reduce NCI to \$nil and adjust deficit accordingly.

Determination of functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (cont'd...)**Significant judgments (cont'd...)**Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under the lease, to lease the assets for additional periods. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew, including the consideration of all relevant factors that create an economic incentive to exercise the renewal option. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew. The Company did not include the renewal period as part of the lease term for the property lease due to uncertainty related to the probability of the Company exercising its extension rights.

3. SIGNIFICANT ACCOUNTING POLICIES

There have been no significant changes to the Company's significant accounting policies from those disclosed in the audited consolidated financial statements for the year ended December 31, 2020.

4. EQUIPMENT

	Equipment	Total
Cost		
December 31, 2019, December 31, 2020, and June 30, 2021	\$ 78,033	\$ 78,033
Accumulated depreciation		
December 31, 2019	\$ 30,935	30,935
Depreciation	19,508	19,508
December 31, 2020	50,443	50,443
Depreciation	9,754	9,754
June 30, 2021	\$ 60,197	\$ 60,197
Net Book Value		
December 31, 2020	\$ 27,590	\$ 27,590
June 30, 2021	\$ 17,836	\$ 17,836

Depreciation is included in equipment in exploration and evaluation expenditures.

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY**

Set out below are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements.

	Right-of-use assets	Lease liabilities
December 31, 2019	\$ 14,722	\$ 12,688
Depreciation expense	(11,778)	-
Interest expense	-	212
Payments	-	(12,900)
December 31, 2020	\$ 2,944	\$ -
Depreciation expense	(2,944)	-
June 30, 2021	\$ -	\$ -

Depreciation of right-of-use assets is in supplies and miscellaneous in exploration and evaluation expenditures. Interest expense related to lease liabilities is included in interest and bank charges.

6. EXPLORATION AND EVALUATION ASSETS

Property	Cyclops Property	Total
December 31, 2019, December 31, 2020, and June 30, 2021	\$ 741,948	\$ 741,948

Cyclops Property

CPA HK is party to an option agreement to acquire all of the issued and outstanding securities of TNM, which holds a mining permit for the Cyclops property located in the located in Depapre District, Jayapura Regency, Papua Province, Republic of Indonesia. TNM is a private Indonesia company holding an Izin Usaha Pertambangan Operation Production Mining Permit for the TNM Cobalt Project. On July 16, 2018, the Company acquired 65% of the issued and outstanding shares of TNM.

On June 17, 2019, the Company entered into an amended agreement with the vendor for the acquisition of the remaining 35% of TNM. Under the terms of the agreement, the Company is required pay US\$1,220,000 as follows:

- i. US\$120,000 on or before June 15, 2020 (paid);
- ii. US\$120,000 on or before June 15, 2021 (paid); and
- iii. US\$980,000 on or before June 15, 2022.

The Company has the right to defer the final payment date for a period of one year by delivering written notice and paying an additional USD\$120,000 on or before June 15, 2022.

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Cyclops Property (cont'd...)

Pursuant to the amended agreement, to acquire the remaining 35% minority interest, the amount of debt due and owing from TNM to the vendor was reduced.

Payments made prior to signing the agreement and toward the acquisition of the 35% interest will be recorded to deficit as an advance non-controlling interest payment. As at June 30, 2021, the Company had paid a total of \$488,329 (December 31, 2020 - \$412,280) in advance non-controlling interest payments.

Upon obtaining control, the Company will grant a 2% net smelter returns royalty on future production.

Exploration and evaluation expenditures

Exploration and evaluation expenditures for the six months ended June 30, 2021 are as follows:

Property	Cyclops Property	Total
Equipment	\$ 9,517	\$ 9,517
Permitting	2,073	2,073
Professional	2,246	2,246
Supplies and miscellaneous	15,058	15,058
Wages and benefits	96,167	96,167
June 30, 2021	\$ 125,061	\$ 125,061

Exploration and evaluation expenditures for the six months ended June 30, 2020 are as follows:

Property	Cyclops Property	Total
Equipment	\$ 10,188	\$ 10,188
Supplies and miscellaneous	10,570	10,570
Travel	2,801	2,801
Wages and benefits	110,173	110,173
June 30, 2020	\$ 133,732	\$ 133,732

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2021	December 31, 2020
Accounts payable	\$	395,797	\$ 393,404
Accrued liabilities		68,672	118,075
	\$	464,469	\$ 511,479

8. SHARE CAPITAL AND RESERVES**Authorized share capital**

Unlimited number of common shares without par value.

Issued share capital

During the six months ended June 30, 2021, the Company:

- i. issued 2,580,000 units at a price of \$0.28 per unit by way of a non-brokered private placement for proceeds of \$722,400. Each unit was comprised of one common share and one share purchase warrant, which will entitle the holder of each whole warrant to acquire an additional common share of the Company at a price of \$0.35 per common share, for a period of 24 months from the date of issue. The Company paid a total of \$14,700 in cash for fees and issued 52,500 finders' warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.35 per common share, for a period of 24 months from the date of issue. The finders' warrants were valued at \$16,266, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk free interest rate of 0.30%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 184%.

During the six months ended June 30, 2020, the Company:

- i. issued 951,493 units at a price of \$0.78 per unit by way of a private placement for proceeds of \$742,164. Each unit was comprised of one common share and one share purchase warrant, which will entitle the holder of each whole warrant to acquire an additional common share of the Company at a price of \$1.04 per common share, for a period of 12 months from the date of issue. The Company paid a total of \$19,576 in cash for finder's and legal fees;
- ii. issued 862,356 common shares, for proceeds of \$1,121,066, pursuant to the exercise of warrants; and
- iii. issued 446,153 common shares, valued at \$478,000, to settle accounts payable of \$585,000, which resulted in a gain on settlement of accounts payable of \$107,000.

Stock options

The Company has a stock option plan that provides for the issuance of options to directors, officers, employees and consultants of the Company to purchase common shares. The maximum aggregate number of plan shares that may be reserved for issuance under the plan at any point in time is 10% of the outstanding shares at the time. Vesting is determined at the discretion of the Board of Directors.

During the six months ended June 30, 2021, the Company granted nil (2020 - 738,461) incentive stock options to consultants. The options have various vesting provisions. During the six months ended June 30, 2021, the Company expensed \$nil (2020 - \$711,539), which was recorded in share-based payments.

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021**8. SHARE CAPITAL AND RESERVES (cont'd...)****Stock options (cont'd...)**

The weighted average fair value of stock options granted during the six months ended June 30, 2021 was \$nil (2020 - \$0.98) per option.

The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Risk-free interest rate	-	1.48%
Expected option life in years	-	2.6
Expected stock price volatility	-	111%
Expected forfeiture rate	-	-

During the six months ended June 30, 2021, the Company cancelled 793,269 (2020 - nil) stock options; accordingly, the \$851,119 (2020 - \$nil) of share-based payments expense associated with the cancelled stock options that had vested was reclassified from reserves to deficit.

Stock option activities are summarized as follows:

	Number of options	Weighted average exercise price
Outstanding at December 31, 2019	131,731	\$ 3.70
Granted	738,461	1.61
Expired	(76,923)	4.49
Outstanding at December 31, 2020	793,269	\$ 1.68
Cancelled	(793,269)	(1.68)
Outstanding at June 30, 2021	-	\$ -
Exercisable at June 30, 2021	-	\$ -

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

8. SHARE CAPITAL AND RESERVES (cont'd...)**Warrants**

Warrant activities are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding at December 31, 2019	1,507,177	\$ 1.48
Issued	951,493	1.04 ⁽¹⁾
Exercised	(862,356)	1.30
Expired	(644,821)	1.72
Outstanding at December 31, 2020	951,493	\$ 0.37
Issued	2,632,500	0.35
Outstanding at June 30, 2021	3,583,993	\$ 0.35

⁽¹⁾ During the six months ended June 30, 2021, the Company reduced the exercise price from \$1.04 to \$0.365.

The Company has outstanding warrants entitling the holder to purchase an aggregate of common shares at June 30, 2021 as follows:

Number of warrants	Exercise price	Expiry date	Contractual life remaining (years)
951,493	\$ 0.365	February 6, 2023	1.61
2,632,500	\$ 0.35	April 30, 2023	1.83
3,583,993			

9. PROPERTY INVESTIGATION COSTS

Property investigation costs for the six months ended June 30, 2021 are as follows:

Property	Other	Total
Geological	\$ 9,000	\$ 9,000
Balance, June 30, 2021	\$ 9,000	\$ 9,000

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

9. PROPERTY INVESTIGATION COSTS (cont'd...)

Property investigation costs for the six months ended June 30, 2020 are as follows:

Property	Other		Total
Geological	\$	9,000	\$ 9,000
Balance, June 30, 2020	\$	9,000	\$ 9,000

10. NON-CONTROLLING INTEREST

As at June 30, 2021, the equity attributable to the 35% non-controlling interest in TNM is \$87,533 (December 31, 2020 - \$77,882).

The following table presents the changes in equity attributable to the 35% non-controlling interest in TNM:

	Total
Balance, December 31, 2019	\$ 101,103
Share of income for the year	(23,221)
Balance, December 31, 2020	\$ 77,882
Share of income for the period	9,651
Balance, June 30, 2021	\$ 87,533

As at June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021 and 2020, summarized financial information about TNM is as follows:

	June 30, 2021	December 31, 2020
Current assets	\$ 1,744	\$ 1,867
Non-current assets	741,948	741,948
Current liabilities	(204,650)	(214,070)
Non-current liabilities	(288,948)	(307,225)
Income for the six months ended June 30, 2021 and 2020	27,574	(4,062)

The income allocated to non-controlling interest based on an interest of 35% (2020 - 35%) for the six months ended June 30, 2021 was \$9,651 (2020 - \$(1,422)).

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021**11. RELATED PARTY TRANSACTIONS**

The Company defines its directors and officers as its key management personnel. The compensation costs for key management personnel is as follows:

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Consulting fees	\$ 9,000	\$ 9,000
Corporate development	-	15,000
Management fees	94,294	115,479
Professional fees	43,500	53,500
Property investigation costs	9,000	9,000
Share-based payments	-	228,830
	\$ 155,794	\$ 430,809

At June 30, 2021, included in accounts payable and accrued liabilities are amounts owing to directors and officers of \$230,995 (December 31, 2020 - \$105,832).

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the six months ended June 30, 2021, the Company's significant non-cash transactions consisted of:

- i. allocation of cancelled options from reserves to deficit of \$851,119; and
- ii. finders' warrants issued included in share issue costs of \$16,266.

For the six months ended June 30, 2020, the Company's significant non-cash transactions consisted of:

- i. shares issued for settlement of accounts payable of \$478,000; and
- ii. allocation of expired options from reserves to deficit of \$242,026.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values because of the short-term nature of these instruments.

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**Financial risk factors**

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and price risk.

Credit risk

The Company is exposed to industry credit risks arising from its cash holdings and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's primary receivable consists of goods and service tax receivable due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital and financing to continue its operations and discharge its commitments as they become due. The Company is subject to liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes:

(a) *Interest rate risk* - this risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 10% change in interest rates would result in a nominal difference in interest income for the six months ended June 30, 2021.

(b) *Foreign currency risk* - this risk relates to any changes in foreign currencies in which the Company transacts. The effect of a 10% change in foreign exchange rates would be approximately \$33,000 for the six months ended June 30, 2021.

(c) *Price risk* - this risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices in relation to its exploration and evaluation assets.

14. CAPITAL MANAGEMENT

The Company considers its components within shareholders' equity as capital. The Company's objective when managing capital is to fund its operations and corporate overhead costs, meet obligations as they come due, and to maintain a flexible capital structure, which optimizes the cost of capital at an acceptable risk. The Company has no earnings and therefore it must finance its activities and corporate overhead costs by the sale of common shares or loans.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire or dispose of assets. In order to maximize ongoing development efforts, the Company does not pay out dividends. Given its objectives, the Company determines the amount of capital to be raised and retained based on the scope of operating activities and potential acquisitions management's assessment of the expected availability of acceptably priced capital in future periods.

BOLT METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2021**14. CAPITAL MANAGEMENT (cont'd...)**

There were no changes in the Company's approach to capital management for the six months ended June 30, 2021. The Company is not subject to externally imposed capital requirements.

15. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment being the acquisition and exploration of exploration and evaluation assets located in Indonesia and Canada. Geographical information is as follows:

June 30, 2021	Indonesia		Canada		Total
Equipment	\$	17,836	\$	-	\$ 17,836
Right-of-use assets		-		-	-
Exploration and evaluation assets		741,948		-	741,948
Total	\$	759,784	\$	-	\$ 759,784

December 31, 2020	Indonesia		Canada		Total
Equipment	\$	27,590	\$	-	\$ 27,590
Right-of-use assets		2,944		-	2,944
Exploration and evaluation assets		741,948		-	741,948
Total	\$	772,482	\$	-	\$ 772,482

16. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Company:

- i. made payments of USD \$20,000 towards the Cyclops property (Note 6); and
- ii. issued 175,641 common shares, for proceeds of \$64,109, pursuant to the exercise of warrants.