ATAC RESOURCES LTD.

Condensed Interim Consolidated Financial Statements
For the six months ended June 30, 2021 and 2020
Unaudited – Prepared by Management
(Expressed in Canadian dollars)

ATAC Resources Ltd.
#1500 – 409 Granville Street
Vancouver, British Columbia
V6C 1T2

August 26, 2021

To the Shareholders of
ATAC Resources Ltd.

The attached condensed interim consolidated financial statements have been prepared by the management of ATAC Resources Ltd. and have not been reviewed by the auditor of the Company.

Yours truly,

Graham Downs
Chief Executive Officer

ATAC RESOURCES LTD.

Condensed Interim Consolidated Statements of Financial Position
Unaudited – Prepared by Management
Expressed in Canadian dollars
As at

		June 30, 2021		December 31, 2020
ASSETS				
Current assets:				
Cash and cash equivalents (Note 3)	$	8,331,586	$	5,901,360
Receivables and prepayments (Note 4)		98,108		121,339
Marketable securities (Note 5)		460,034		420,957
		8,889,728		6,443,656
Non-current assets				
Prepaid exploration expenditures		34,216		45,494
Mineral property interests (Note 6)		1,911,719		793,966
Reclamation deposit (Note 7)		126,099		125,744
Equipment (Note 8)		107,850		112,000
		2,179,884		1,077,204
Total Assets	**$**	**11,069,612**	**$**	**7,520,860**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$	349,112	$	169,830
Accounts payable to related parties (Note 10)		56,284		56,566
Flow-through premium liability (Note 13)		192,445		-
Total liabilities		597,841		226,396
Shareholders' equity:				
Share capital (Note 9)		135,718,285		132,149,164
Contributed surplus (Note 9)		2,673,485		3,059,482
Deficit		(127,919,999)		(127,914,182)
Total shareholders' equity		10,471,771		7,294,464
Total liabilities and shareholders' equity	**$**	**11,069,612**	**$**	**7,520,860**

Nature of operations and going concern (Note 1)
Commitments (Note 13)
Event after the reporting period (Note 14)

Approved on behalf of the Board of Directors as of August 26, 2021:

"Bruce J. Kenway" Director

"Glenn R. Yeadon" Director

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

ATAC RESOURCES LTD.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Unaudited – Prepared by Management
Expressed in Canadian dollars

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Expenses:				
Consulting fees (Note 10)	$ 38,500	$ 6,750	$ 77,000	$ 18,300
Depreciation (Note 8)	339	-	339	-
Flow-through taxes	-	(1,014)	-	123
General administrative expenses	11,619	2,034	15,264	9,034
Insurance	13,357	12,245	26,715	24,490
Investor relations and shareholder information	7,425	9,684	19,919	53,190
Management, administration, and corporate development fees (Note 10)	15,202	13,578	30,716	40,683
Office rent (Note 10)	19,800	11,500	31,800	22,000
Professional fees (Note 10)	42,226	28,822	109,794	67,793
Property examination costs (Note 10)	15,894	1,322	44,702	22,440
Salaries and benefits (Note 10)	85,404	64,361	172,651	124,798
Share-based payments (Note 9,10)	6,472	89,920	23,169	242,349
Transfer agent and filing fees	4,999	5,403	9,992	11,230
Loss from operating expenses	(261,239)	(244,605)	(562,061)	(636,430)
Foreign exchange gain or loss	3,837	-	3,005	-
Interest income	10,131	50,145	20,623	104,781
Gain(loss) on marketable securities (Note 5)	36,082	135,941	19,077	53,094
Flow-through premium liability recovery (Note 13)	35,555	-	35,555	-
Recovery in excess of carrying value (Note 6)	30,000	-	30,000	-
Loss for the period before income taxes	(145,634)	(58,519)	(453,801)	(478,555)
Deferred income tax recovery	-	26,128	-	90,405
Loss and comprehensive loss for the period	$ (145,634)	$ (32,391)	$ (453,801)	$ (388,150)
Weighted average number of shares outstanding -basic and diluted	167,617,668	158,035,720	165,191,586	158,035,720
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

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

ATAC RESOURCES LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
Unaudited – Prepared by Management
Expressed in Canadian dollars

	Share Capital				
	Number of Shares	**Share capital**	**Contributed surplus**	**Deficit**	**Total shareholders' equity**
January 1, 2020	**158,035,720**	**$ 131,090,809**	**$ 3,673,633**	**$ (26,143,281)**	**$ 108,621,161**
Share-based payments	-	-	242,349	-	242,349
Re-allocated on expiration of options	-	-	(641,194)	641,194	-
Re-allocated on cancellation of options	-	-	(112,690)	112,690	-
Private placement shares issued	4,347,827	1,000,000	-	-	1,000,000
Flow-through premium liability	-	(21,739)	-	-	(21,739)
Share issuance costs	-	(70,195)	22,745	-	(47,450)
Loss and comprehensive loss for the period	-	-	-	(388,150)	(388,150)
June 30, 2020	**162,383,547**	**131,998,875**	**3,184,843**	**(25,777,547)**	**109,406,171**
Share-based payments	-	-	70,640	-	70,640
Re-allocated on cancellation of options	-	-	(145,462)	145,462	-
Shares issued on exercise of options	275,000	83,750	-	-	83,750
Re-allocated on exercise of options	-	50,539	(50,539)	-	-
Shares issued for mineral properties	80,000	16,000	-	-	16,000
Loss and comprehensive loss for the period	-	-	-	(102,282,097)	(102,282,097)
December 31, 2020	**162,738,547**	**132,149,164**	**3,059,482**	**(127,914,182)**	**7,294,464**
Re-allocated on expiration of options	-	-	(447,984)	447,984	-
Re-allocated on expiration of finders' warrants	-	15,200	(15,200)	-	-
Private placement shares issued	21,600,000	4,032,000	-	-	4,032,000
Share issuance costs	-	(250,079)	54,018	-	(196,061)
Flow-through premium liability	-	(228,000)	-	-	(228,000)
Share-based payments	-	-	23,169	-	23,169
Loss for the period	-	-	-	(453,801)	(453,801)
June 30, 2021	**184,338,547**	**$ 135,718,285**	**$ 2,673,485**	**$(127,919,999)**	**$ 10,471,771**

See accompanying notes to condensed consolidated interim financial statements.

ATAC RESOURCES LTD.

Condensed Interim Consolidated Statements of Cash Flows
Unaudited – Prepared by Management
Expressed in Canadian dollars

For the six months ended June 30,	2021	2020
Cash flows from operating activities:		
Loss and comprehensive loss for the period	$ (453,801)	$ (388,150)
Items not involving cash:		
Share-based payments	23,169	242,349
Unrealized gain on marketable securities	(19,077)	(53,094)
Interest income	(20,623)	(104,781)
Depreciation	339	-
Deferred income tax recovery	-	(90,405)
Recovery in excess of carrying value	(30,000)	-
Flow-through premium recovery	(35,555)	-
Changes in non-cash working capital items:		
Receivables and prepayments	(16,329)	43,239
Accounts payable and accrued liabilities	(42,138)	(52,720)
Due to related parties	(16,642)	8,817
Cash used in operating activities	**(610,658)**	**(394,745)**
Cash flows from investing activities		
Interest received	20,623	104,781
Reclamation deposit	(355)	1,362
Purchase of equipment	(12,189)	-
Yukon mining exploration grant received	56,333	37,242
Mineral property acquisition costs	(133,559)	(106,531)
Prepaid exploration expenditures	(80,843)	(32,201)
Deferred exploration and evaluation expenditures	(681,055)	(415,277)
Cash used in investing activities	**(831,045)**	**(410,624)**
Cash flows from financing activities		
Issue of common share units for cash	4,032,000	1,000,000
Share issuance costs	(160,071)	-
Cash provided by financing activities	**3,871,929**	**1,000,000**
Change in cash	2,430,226	194,631
Cash, beginning of the period	5,901,360	9,669,634
Cash, end of the period	**$ 8,331,586**	**$ 9,864,265**

Supplemental cash flow information (Note 11)

See accompanying notes to condensed consolidated interim financial statements.

1. Nature of operations and going concern

ATAC Resources Ltd. (the "Company" or "ATAC") was incorporated under the laws of the Province of British Columbia, Canada. The Company's head office is located at 1500 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. Its main business activity is the acquisition, exploration and evaluation of mineral property interests located in Canada and United States. The Company's common shares trade on the TSX Venture Exchange ("TSX-V").

The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of the mineral property interests.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at June 30, 2021, the Company had working capital of $8,291,887 (December 31, 2020 - $6,217,260) and shareholders' equity of $10,471,771 (December 31, 2020 - $7,294,464). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

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 ability to raise capital or conduct exploration activities. There are travel restrictions and health and safety concerns in all areas in which the Company operates, including the Yukon and B.C in Canada and Nevada, USA, that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services and safeguarding all personnel during the outbreak, which may be prohibitive or too costly. Various Government wage and loan subsidies are available to qualified companies to assist them with operating costs during the pandemic. To date, the Company has not qualified for assistance, but the various programs are constantly being expanded and relaxed, which may qualify the Company for assistance.

2. Significant accounting policies

(a) Basic of presentation

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited financial statements for the year ended December 31, 2020, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited financial statements.

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(Expressed in Canadian dollars)

2. Basis of Preparation (continued)

(b) Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

	Country of Incorporation	Effective Interest	Functional currency
0885802 B.C. Ltd.	Canada	100%	Canadian Dollar
0885794 B.C. Ltd.	Canada	100%	Canadian Dollar
Cascadia Minerals Ltd.	USA	100%	US Dollar

On January 14, 2021, Cascadia Minerals Ltd. was incorporated in the State of Nevada, USA, to facilitate the exploration of the Company's East Goldfield project (Note 6). The records office of Cascadia Minerals Ltd is 210 – 241 Ridge Street, Reno, Nevada, USA.

(c) Significant accounting policies

The accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited financial statements and are those the Company expects to adopt in its financial statements for the year ended December 31, 2021. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited financial statements.

(d) New accounting standards

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2021. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	June 30, 2021	December 31, 2020
Bank and broker balances	$ 4,667,815	$ 2,257,851
Cashable investment certificates	3,663,771	3,643,509
	$ 8,331,586	$ 5,901,360

(Expressed in Canadian dollars)

4. Receivables and prepayments

Receivables and prepayments consist of the following:

	June 30, 2021	December 31, 2020
Sales tax recoverable	$ 43,290	$ 11,181
Exploration incentives receivable (Note 6)	-	56,333
Prepaid expenses	54,818	53,825
	$ 98,108	$ 121,339

5. Marketable securities

Marketable securities consist of various common shares received on the option of mineral property interests as follows:

	Shares with an active market	Warrants	Totals
Cost			
January 1, 2020 and June 30, 2020	$ 1,691,834	$ 475,000	$ 2,166,834
Fair value			
January 1, 2020	213,593	15,981	229,574
Unrealized gain (loss)	55,237	(2,143)	53,094
June 30, 2020	$ 268,830	$ 13,838	$ 282,668
Cost			
January 1, 2021	$ 1,725,334	$ 475,000	$ 2,200,334
Additions	20,000		20,000
June 30, 2021	1,745,334	475,000	2,220,334
Fair value			
January 1, 2021	411,114	9,843	433,793
Additions	20,000	-	20,000
Unrealized gain (loss)	28,868	(9,791)	19,077
June 30, 2021	$ 459,982	$ 52	$ 460,034

During the year ended December 31, 2020, the Company received 25,000 common shares of Makara Mining Corp. ("Makara") at a fair value of $33,500 ($1.34 per share) pursuant to an option agreement in respect of the Idaho Creek project (Note 6). In the six months ended June 30, 2021, the Company received an additional 50,000 common shares of Makara at a value of $20,000 ($0.40 per share).

The valuation of the shares with an active market has been determined in whole by reference to the bid price of the shares on the TSX-V or Toronto Stock Exchange ("TSX") at each period end date.

(Expressed in Canadian dollars)

6. Mineral property interests

The Company's mineral property interests consist of various exploration stage properties located in the Yukon Territory, Canada and Nevada, USA. The properties have been grouped into wholly-owned, under option and royalty interests. Properties which are in close proximity and could be developed as a single economic unit are grouped into projects.

	Wholly-owned	Under option	Total
January 1, 2020	$ 115,451,621	$ -	$ 115,451,621
Acquisitions / staking / assessments	137,438	47,115	184,553
Exploration and evaluation	3,819,135	160,658	3,979,793
Proceeds from option	(38,500)	-	(38,500)
Gain on option	184	-	184
Impairments	(118,783,685)	-	(118,783,685)
December 31, 2020	586,193	207,773	793,966
Acquisitions / staking / assessments	80,747	62,812	143,559
Exploration and evaluation	879,051	95,143	724,194
June 30, 2021	$ 1,545,991	$ 365,728	$ 1,911,719

Changes in the project carrying amounts for the six months ended June 30, 2021 and year ended December 31, 2020 are summarized as follows:

	January 1, 2021	Acquisitions / staking / assessments	Exploration and evaluation	June 30, 2021
Wholly-owned projects				
Rackla Gold Property				
- Osiris and Orion	$ 1	$ 26,114	$ 487,628	$ 513,743
- Rau	1	50,248	349,996	400,245
	2	76,362	837,624	913,988
Connaught	373,072	4,385	41,427	418,884
Rosy	213,119	-	-	213,119
	586,193	80,747	879,051	1,545,991
Under option project				
East Goldfield	207,773	62,812	95,143	356,728
Total All Projects	$ 793,966	$ 143,559	$ 974,194	$ 1,911,719

	January 1, 2020	Acquisitions / staking / assessments	Exploration and evaluation	Proceeds from option	Gain on option	Impairments	December 31, 2020
Wholly-owned projects							
Rackla Gold Property							
- Osiris and Orion	$ 75,293,440	$ 77,044	$ 512,662	$ -	$ -	$ (75,883,145)	$ 1
- Rau	39,666,330	893	3,233,318	-	-	(42,900,540)	1
	114,959,770	77,937	3,745,980	-	-	(118,783,685)	2
Connaught	258,051	58,991	56,030	-	-	-	373,072
Idaho Creek	24,181	127	14,008	(38,500)	184	-	-
Rosy	209,619	383	3,117	-	-	-	213,119
	115,451,621	137,438	3,819,135	(38,500)	184	(118,783,685)	586,193
Under option project							
East Goldfield	-	47,115	160,658	-	-	-	207,773
Total All Projects	$115,451,621	$ 184,553	$ 3,979,793	$ (38,500)	$ 184	$ (118,783,685)	$ 793,996

6. Mineral property interests (continued)

Wholly-owned projects

The Company's wholly owned projects are comprised of the rights to explore various mineral claims located in the Yukon Territory and Nevada, which are at various stages of exploration. They are not subject to any option or sale agreements, except as noted below.

Rackla Gold property

The Rackla Gold property consists of a 100% interest in the various mineral properties located in the Mayo Mining District, Yukon Territory. The Rackla Gold property has been divided into three separate projects, being the Rau, Osiris and Orion projects.

The Rau project is located at the western end of the Rackla Gold property and hosts the Tiger Gold deposit.

The Osiris project is located at the eastern end of the Rackla Gold property and hosts Carlin-type gold mineralization.

The Orion project is located in the central one-third of the Rackla Gold property.

As at December 31, 2020, the Company recorded an impairment provision of $118,783,685 on the Rackla Gold property as a result of certain impairment indicators being present under the accounting standards. The impairment indicators largely consisted of: (i) the Company's market capitalization being significantly lower than the net assets of the Company for a prolonged period of time; and (ii) the ongoing challenges that the Company has faced with respect to getting the road permitting in place to allow ground access to the property. In future periods, if the impairment indicators are no longer present (ie: the Company's market capitalization has improved and the Company is successful in the continued negotiations with respect to the road permitting), the Company, if it can provide a supportable estimate of the property's recoverable amount, may record a reversal of the 2020 impairment provision. Any impairment reversal shall be to the recoverable amount, not to exceed the carrying value of the property prior to its impairment.

Connaught project

The Connaught project consists of a 100% interest in the CN, NC, OM and TN mineral claims located in the Dawson Mining District, Yukon Territory. The vendor retains a 1% NSR on the TN claims.

In 2019, the Company was approved to receive financial assistance from the Yukon Government on 2019 qualified exploration expenditures on its CN claims, to a maximum of $37,242. As at December 31, 2019, the Company had earned the full $37,242, which was received during the six months ended June 30, 2020.

In 2020, the Company was approved to receive financial assistance from the Yukon Government on 2020 qualified exploration expenditures on its Connaught project, to a maximum of $39,558. As at December 31, 2020, the Company had earned $33,070 of the amount, which was received during the six months ended June 30, 2021.

See Blackbear claims and Mag claims for option agreements in respect of additional claims forming part of the Company's Connaught project.

Idaho Creek project

The Idaho Creek project consists of a 100% interest in the Idaho mineral claims located in the Whitehorse Mining District, Yukon Territory.

On August 19, 2020, the Company signed a property option agreement (the "Option Agreement") with Makara Mining Corp. ("Makara"), whereby Makara has the option to earn a 100% interest in the Company's Idaho Creek project. Pursuant to the Option Agreement, Makara can earn the interest through completion of the following:

6. Mineral property interests (continued)

Wholly-owned projects (continued)

Idaho Creek project (continued)

Cash payments of $150,000:

- $5,000 on execution of the Option Agreement (received);
- $10,000 on or before May 1, 2021 (received);
- $20,000 on or before May 1, 2022;
- $25,000 on or before May 1, 2023; and
- $90,000 on or before May 1, 2024.

Issuance of 750,000 common shares:

- 25,000 common shares on execution of the Option Agreement (received at a fair value of $33,500);
- 50,000 common shares on or before May 1, 2021 (received at a fair value of $20,000);
- 100,000 common shares on or before May 1, 2022;
- 250,000 common shares on or before May 1, 2023; and
- 325,000 common shares on or before May 1, 2024.

In addition, Makara is required to incur $2,000,000 in exploration expenditures on the project as follows:

- $50,000 on or before December 1, 2020 (incurred);
- An additional $100,000 on or before December 1, 2021;
- An additional $150,000 on or before December 1, 2022;
- An additional $500,000 on or before December 1, 2023; and
- An additional $1,200,000 on or before December 1, 2024.

Pursuant to the Option Agreement, the Company retains a 2% NSR from any commercial production of precious metals from the Idaho Creek project of which Makara can repurchase one-half (being 1%) for $1,000,000.

Further, in addition to the NSR, the Company shall be entitled to receive a one-time cash payment equal to $1 per ounce of gold (or the value equivalent in other metals) identified in the earlier of a National Instrument 43-101 Standards of Disclosure for Mineral Property compliant: (i) measured and indicated resource estimate applicable to the project; or (ii) a proven and probable reserve estimate applicable to the project.

During the year ended December 31, 2020, the Company recognized a gain of $184 in respect of option payments received in excess of the Company’s carrying value of the project. In the six months ended June 30, 2021, the Company recognized a recovery in excess of carrying costs of $30,000.

In 2020, the Company was approved to receive financial assistance from the Yukon Government on 2020 qualified exploration expenditures on its Idaho Creek project, to a maximum of $23,263. As at December 31, 2020, the Company had earned the full amount, which was received during the six months ended June 30, 2021.

Expenditures on the project after the Option Agreement with Makara was signed have been recovered from Makara, therefore the financial assistance earned on these amounts are due to Makara. The 2020 financial assistance was determined to be $18,536 and was included in accounts payable and accrued liabilities as at December 31, 2020 and paid during the six months ended June 30, 2021.

Rosy project

The Rosy project consists of a 100% interest in the Rosy and Sam mineral claims located in the Whitehorse Mining District, Yukon Territory.

6. Mineral property interests (continued)

Projects under option

East Goldfield project

On February 20, 2020, the Company signed a Property Option Agreement with Silver Range Resources Ltd. ("Silver Range"), a company with common Directors and Officers, whereby the Company has the option to earn a 100% interest in Silver Range's East Goldfield property located in Nevada, USA. Pursuant to the Option Agreement, the Company has the right to earn an initial 75% interest in the property (the "Initial Option") by making cash payments to Silver Range based on the following schedule:

Cash payments of $400,000:

- $30,000 on execution of the Option Agreement (paid);
- $40,000 on or before April 1, 2021 (paid);
- $70,000 on or before April 1, 2022;
- $100,000 on or before April 1, 2023; and
- $160,000 on or before April 1, 2024.

In addition, the Initial Option requires the Company to incur exploration expenditures on the property as follows:

- $200,000 on or before April 1, 2021 (incurred);
- An additional $200,000 on or before April 1, 2022; and
- An additional $9,600,000 on or before December 1, 2025.

The Company has the right at its sole election to make up 50% of all of the cash payments under the Initial Option through the issuance of common shares to Silver Range. The number of common shares to be issued as payment is to be calculated using a share price equal to the volume weighted average price of the Company's common shares for the 10 trading days immediately preceding the applicable payment date, subject to such price not being less than $0.05 per share. Silver Range is not required to accept any number of common shares where accepting the number of shares will result in Silver Range holding (directly or indirectly) more than an aggregate 19.9% of the issued and outstanding shares of the Company.

On completion of the Initial Option, the Company will have the right to acquire an additional 25% interest in the property (the "Second Option") by paying Silver Range an additional $10,000,000 on or before the date that is six months from the Company's issuance of a notice to Silver Range confirming its desire to exercise the Second Option.

Silver Range will retain a 2% NSR on all mineral production from the properties, of which up to 1% can be purchased for $1,000,000.

Silver Range will also be entitled to receive a one-time cash payment equal to US$2 per ounce of gold (or the value equivalent in other metals) on the first 1,000,000 ounces of gold, identified in a NI 43-101 compliant measured and indicated resource estimate application (or proven and probable reserves) to the property; and an additional onetime cash payment equal to US$1 per ounce of gold (or the value equivalent in other metals) on all ounces of gold in excess of 1,000,000 ounces of gold, identified in a NI 43-101 compliant proven or probable reserve estimate applicable (or proven and probable reserves) to the property.

6. Mineral property interests (continued)

Projects under option (continued)

Blackbear claims (continued)

On November 20, 2020, the Company signed a Property Option Agreement with two vendors whereby the Company has the option to earn a 100% interest in a series of claims contiguous to the Company's Connaught project. Pursuant to the Option Agreement, the Company has the right to earn a 100% interest in the property by making cash payments to the vendors based on the following schedule:

Cash payments of $100,000:

- $10,000 on execution of the Option Agreement (paid);
- $10,000 on or before February 28, 2022;
- $10,000 on or before February 28, 2023;
- $15,000 on or before February 28, 2024;
- $25,000 on or before February 28, 2025; and
- $30,000 on or before February 28, 2026.

In addition, the Option Agreement requires the Company to issue 200,000 common shares as follows:

- 20,000 common shares on Exchange acceptance (issued at a fair value of $4,000);
- 20,000 common shares on or before February 28, 2022;
- 20,000 common shares on or before February 28, 2023;
- 30,000 common shares on or before February 28, 2024;
- 50,000 common shares on or before February 28, 2025; and
- 60,000 common shares on or before February 28, 2026.

The vendors will retain a 2% NSR on all mineral production from the properties, of which up to 1% can be purchased for $500,000.

Mag claims

On November 20, 2020, the Company signed a Property Option Agreement with a vendor whereby the Company has the option to earn a 100% interest in a series of claims contiguous to the Company's Connaught project. Pursuant to the Option Agreement, the Company has the right to earn a 100% interest in the property by making cash payments to the vendor based on the following schedule:

Cash payments of $70,000:

- $15,000 on execution of the Option Agreement (paid);
- $25,000 on or before December 31, 2021; and
- $30,000 on or before December 31, 2022.

In addition, the Option Agreement requires the Company to issue 120,000 common shares as follows:

- 60,000 common shares on Exchange acceptance (issued at a fair value of $12,000);
- 30,000 common shares on or before December 31, 2021; and
- 30,000 common shares on or before December 31, 2022.

The vendors will retain a 1% conventional royalty ("CNSR") and a 10% high-grade royalty on all mineral production from the properties The Company has the right to purchase 100% of the CNSR for $250,000.

Royalty interests

The Company has a 1% NSR on the Golden Revenue, Nitro, Seymour and Dawson Gold properties located in the Dawson and Whitehorse Mining Districts, Yukon Territory.

(Expressed in Canadian dollars)

6. Mineral property interests (continued)

Exploration expenditures

Exploration and evaluation expenditures on the projects consisted of the following:

For the six months ended June 30, 2021	Osiris and Orion	Rau	East Goldfield	Other	Total
Assays	$ 3,078	$ 9,126	$ 37,499	$ 1,688	$ 51,391
Depreciation (Note 8)	8,000	8,000	-	-	16,000
Drilling	-	36,242	628	-	36,870
Field and camp	191,960	71,998	4,177	2,978	271,113
Helicopter and fixed wing	-	148,269	-	2,900	151,169
Labour	17,027	60,157	10,805	28,480	116,469
Resource, engineering and environmental studies	267,563	-	-	5,050	272,613
Surveys and consulting	-	-	36,296	-	36,296
Travel and accommodation	-	16,204	5,738	331	22,273
Total All Projects	$ 487,628	$ 349,996	$ 95,143	$ 41,427	$ 974,194

For the year ended December 31, 2020	Osiris and Orion	Rau	Other	Total
Assays	$ 19,898	$ 176,375	$ 119,298	$ 315,571
Depreciation (Note 8)	16,000	16,000	-	32,000
Drilling	35,600	888,651	-	924,251
Field	41,840	434,132	15,017	490,989
Helicopter and fixed wing	178,590	834,202	-	1,012,792
Labour	18,296	566,003	86,862	671,161
Resource, engineering and environmental studies	193,570	185,665	-	379,235
Surveys and consulting	1,260	13,645	52,051	66,956
Travel and accommodation	7,608	118,645	784	127,037
	512,662	3,233,318	274,012	4,019,992
Less: Yukon mineral exploration grant	-	-	(40,199)	(40,199)
Total All Projects	$ 512,662	$ 3,233,318	$ 233,813	$ 3,979,793

7. Reclamation deposit

The reclamation deposit is comprised of a cashable guaranteed investment certificate with a one-year term. It is pledged to the Yukon Government to ensure specified properties are properly restored after exploration. Management has determined that the Company has no material reclamation work related to the properties requiring the deposit.

(Expressed in Canadian dollars)

8. Equipment

	Exploration equipment	Computer equipment	Total
Cost			
January 1, 2020 and December 31, 2020	$ 160,000	$ -	$ 160,000
Accumulated depreciation			
January 1, 2020	16,000	-	16,000
Depreciation	32,000	-	32,000
December 31, 2020	$ 48,000	$ -	$ 48,000
Cost			
January 1, 2021	$ 160,000	$ -	$ 160,000
Additions	-	12,189	12,189
June 30, 2021	160,000	12,189	172,189
Accumulated depreciation			
January 1, 2021	48,000	-	48,000
Depreciation	16,000	339	16,339
June 30, 2021	$ 64,000	$ 339	$ 64,339
Net book value			
December 31, 2020	$ 112,000	$ -	$ 112,000
June 30, 2021	96,000	11,850	107,850

Depreciation on exploration equipment is capitalized to the Company's exploration properties (Note 6), as the equipment is used exclusively for the Company's exploration efforts. During the six months ended June 30, 2021, the Company capitalized $16,000 in depreciation charges (2020 - $16,000) to mineral property interests.

9. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value, and unlimited Class "A" preferred shares with a par value of $1.00 each. All issued shares are fully paid.

Transactions for the issue of share capital during the six months ended June 30, 2021:

On April 16, 2021, the Company completed a flow-through private placement consisting of the issue of 4,800,000 flow-through common shares at a price of $0.21 per common share for gross proceeds of $1,008,000.

The flow-through shares were issued at a premium to the trading value of the Company's common shares, which is a reflection of the value of the income tax write-offs that the Company will renounce to the flow-through shareholders. The premium was determined to be $144,000 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded and will be reversed pro-rata as the required exploration expenditures are incurred (Note 13).

9. Share capital (continued)

Transactions for the issue of share capital during the six months ended June 30, 2021 (continued):

On June 25, 2021, the Company completed a private placement consisting of:

a) 14,400,000 units at a price of $0.175 per unit for gross proceeds of $2,520,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.24 until June 25, 2024; and

b) 2,400,000 flow-through units at a price of $0.21 per flow-through unit for gross proceeds of $504,000. Each flow-through unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.24 until June 25, 2024.

The flow-through share units were issued at a premium to the trading value of the Company's common shares, which is a reflection of the value of the income tax write-offs that the Company will renounce to the flow-through shareholders. The premium was determined to be $84,000 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded and will be reversed pro-rata as the required exploration expenditures are incurred (Note 13).

Finders' fees totaling $155,449 were incurred in respect of the placement, including the issue of 859,478 finders' warrants having a fair value of $54,018. Legal and filing fees amounted to $40,610 and were recorded as a share issue cost and deducted from share capital.

Transactions for the issue of share capital during the year ended December 31, 2020:

On June 30, 2020, the Company completed a flow-through private placement consisting of the issue of 4,347,827 flow-through units at a price of $0.23 each for gross proceeds of $1,000,000. Each unit consists of one flow-through common share and one-half of a share purchase warrant, with each whole warrant being exercisable into a non-flow-through common share at an exercise price of $0.27 until June 30, 2022.

The flow-through share units were issued at a premium to the trading value of the Company's common shares, which is a reflection of the value of the income tax write-offs that the Company will renounce to the flow-through shareholders. The premium was determined to be $21,739 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded and will be reversed pro-rata as the required exploration expenditures are incurred (Note 13). No value was allocated to the warrant component of the unit.

Finders' fees totaling $82,745 were incurred in respect of the placement, including the issue of 260,870 finders' warrants having a fair value of $22,745. Legal and filing fees amounted to $5,000 and were recorded as a share issue cost and deducted from share capital net of deferred income tax benefits of $17,550.

Common share rights

The Company has a "Rights Plan" under which one right is issued for each issued and outstanding common share of the Company. Each right entitles the holder to purchase from the Company one common share at a price equal to one-half the market price for each common share of the Company, subject to certain anti-dilutive adjustments. The rights are exercisable only if the Company receives an unacceptable take-over bid as defined in the Rights Plan. The current Rights Plan was approved at the November 2020 annual shareholders' meeting and will remain in effect until the annual shareholders' meeting in 2023. As at June 30, 2021, there were 184,338,547 rights outstanding (December 31, 2020 – 162,738,547).

Stock options

The Company has an incentive stock option plan (the "Plan"), under which the maximum number of stock options issued cannot exceed 10% of the Company's currently issued and outstanding common shares. The exercise period for any options granted under the Plan cannot exceed ten years. The exercise price of options granted under the Plan cannot be less than the "discounted market price" of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, or the date of grant in respect of options granted to consultants, less a discount of from 15% to 25%), unless otherwise agreed to by the Company and accepted by the TSX-V.

(Expressed in Canadian dollars)

9. Share capital (continued)

Stock options (continued)

A participant who is a consultant conducting investor relations activities who is granted options under the plan will become vested with the right to exercise one-quarter of the options upon conclusion of every three months subsequent to the grant date.

Stock option transactions are as follows:

	Number of Stock Options		Weighted Average Exercise Price
Balance, December 31, 2019	12,437,500	$	0.49
Granted	2,405,000		0.22
Exercised	(275,000)		0.30
Expired and cancelled	(2,332,500)		0.68
Balance, December 31, 2020	12,235,000	$	0.41
Granted	100,000		0.17
Expired	(2,005,000)		0.37
Balance, June 30, 2021	10,330,000	$	0.42
Exercisable, June 30, 2021	10,230,000	$	0.42

As at June 30, 2021, the Company has stock options outstanding and exercisable as follows:

Number of Stock Options Outstanding	Number of Stock Options Exercisable		Exercise Price	Expiry Date
2,665,000	2,665,000		0.55	May 26, 2022
2,940,000	2,940,000		0.55	February 1, 2023
2,120,000	2,120,000		0.30	February 4, 2024
100,000	100,000		0.30	February 4, 2024
2,210,000	2,210,000		0.22	January 9, 2025
195,000	146,250		0.20	April 28, 2025
100,000	100,000		0.17	April 8, 2026
10,330,000	10,230,000	$	0.42	

During the six months ended June 30, 2021, 100,000 (2020 – 2,405,000) options were granted to Officers, Directors, related company employees and consultants with a weighted average fair value of $0.10 per option (2020 - $0.12). For the period ended June 30, 2021, the Company recognized share-based payment expense of $23,169 (2020 - $242,349) for options granted and vesting.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted:

	2021	**2020**
Risk-free interest rate	0.92%	1.45%
Expected life of option	5 years	5 years
Expected annualized volatility	71.63%	64.98%
Dividend	-	-

(Expressed in Canadian dollars)

9. Share capital (continued)

Warrants

During the six months ended June 30, 2021, 859,478 finders' warrants (2020 – 260,870) were issued in connection with the financings completed. The value of the finders' warrants was determined to be $54,018 (2020 – $22,745) using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of warrants – three years (2020 – two years), stock price volatility – 70.29% (2020 – 72.67%), no dividend yield (2020 – none), and a risk-free interest rate yield – 0.63% (2020 – 0.25%).

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019	5,636,072	$ 0.425
Issued	2,434,784	0.27
Balance, December 31, 2020	8,070,856	0.28
Issued	9,259,478	0.24
Expired	(382,500)	0.425
Balance, June 30, 2021	16,947,834	$ 0.26

As at June 30, 2021, the Company has warrants outstanding and exercisable as follows:

Number of Warrants Outstanding and Exercisable	Exercise Price	Expiry Date
5,253,572	$ 0.28	March 22, 2022
2,173,914	0.27	June 30, 2022
260,870	0.23	June 30, 2022
9,259,478	0.24	June 25, 2024
16,947,834	$ 0.26	

(Expressed in Canadian dollars)

10. Related party payables and transactions

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	Classification	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Archer, Cathro (a)			
Geological services	Property costs	$ -	$ 185,667
Office and administration	Office rent	-	41,918
		-	227,585
Carvest - geological services (f)	Property costs	12,470	3,190
Yeadon Law Corp. (b)	Professional fees	51,209	36,947
DBM CPA (c)	Professional fees	14,500	27,800
D. Goss Corporation (d)	Consulting fees	21,000	14,000
Graham Downs (g)	Salaries and benefits	112,500	116,748
Ian Talbot (e)	Management fees	21,000	20,344
Kenway Mack (h)	Consulting fees	6,000	4,300
Andrew Carne (i)	Property costs and salaries and benefits	61,875	21,234
Adam Coulter (j)	Property costs and salaries and benefits	60,000	21,494
		$ 360,554	$ 493,642

(a) Archer Cathro is a geological consulting firm that is a former related party through its management contracts, which confer significant influence over operations. Charges are for property location, acquisition, exploration, management, accounting, office rent and administration.

(b) Glenn Yeadon is a Director and the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp."), which provides the Company with legal services.

(c) Larry Donaldson is the Company's former CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provides the Company with accounting and tax services.

(d) Douglas Goss is a Director and the Company's Chairman of the Board. He controls Douglas O. Goss Professional Corporation ("D. Goss Corporation"), which provides consulting services to the Company.

(e) Ian Talbot is the Company's COO. He provides the Company with management services.

(f) Robert Carne is a Company Director. He controls Carvest Holdings Ltd. ("Carvest"), which provides geological consulting services to the Company.

(g) Graham Downs is the Company's President and CEO. He is paid a monthly salary and benefits for his services.

(h) Bruce Kenway is a Company Director and Chairman of the Audit Committee. He is a partner in Kenway Mack Slusarchuk Stewart LLP ("Kenway Mack"), which provides advisory services to the Company.

(i) Andrew Carne is the Company's Interim CFO and Vice-president of Corporate and Project Development. He is paid a monthly salary for his services with fees allocated between exploration and evaluation expenditures and salaries and benefits expense relative to time spent.

(j) Adam Coulter is the Company's Vice-president of Exploration. He is paid a monthly salary for his services with fees allocated between exploration and evaluation expenditures and salaries and benefits expense relative to time spent.

All related party balances are unsecured and are due within thirty days without interest.

(Expressed in Canadian dollars)

10. Related party payables and transactions (continued)

Stock option transactions with related parties:

During the six months ended June 30, 2020, 1,695,000 stock options were granted to key management personnel and Directors having a fair value on issue of $201,802. 1,500,000 of the options granted are exercisable at $0.22 until January 9, 2025, and vest over a one-year period ending January 9, 2021. The remaining 195,000 options granted have an exercise price of $0.20 until April 28, 2025, and vest over a one-year period ending April 28, 2021.

11. Supplemental cash flow information

The Company incurred non-cash financing and investing activities during the six months ended June 30, 2021 and 2020 as follows:

		2021		2020
Non-cash financing activities:				
Share issue costs on finders' warrants issued	$	54,018	$	22,745
Share issue costs included in related party payables		19,000		5,000
Share issue costs included in accounts payable		10,500		60,000
Share capital reduced by flow-through share premium		228,000		21,739

		2021		2020
Non-cash investing activities:				
Deferred exploration expenditures included in accounts payable and related party payables	$	312,267	$	133,422
Marketable securities received as option payment		20,000		-
Prepaid exploration expenditures remaining in accounts payable		-		9,861
Depreciation capitalized to exploration expenditures		16,000		-

During the six months ended June 30, 2021 and June 30, 2020 no amounts were paid for interest or income tax expenses.

12. Financial risk management

Capital management

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at June 30, 2021 is comprised of shareholders' equity of $10,471,771 (December 31, 2020 - $7,294,464).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional funds from equity markets.

(Expressed in Canadian dollars)

12. Financial risk management (continued)

Financial instruments - fair value

The Company's financial instruments consist of cash and cash equivalents, marketable securities, reclamation deposit, accounts payable and accrued liabilities, and accounts payable to related parties.

The carrying value of accounts payable and accrued liabilities and accounts payable to related parties approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the consolidated statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
June 30, 2021				
Cash and cash equivalents	$ 8,331,586	$ -	$ -	$ 8,331,586
Marketable securities	459,982	52	-	460,034
Reclamation deposits	126,099	-	-	126,099
	$ 8,917,667	$ 52	$ -	$ 8,917,719

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Cash and cash equivalents	$ 5,901,360	$ -	$ -	$ 5,901,360
Marketable securities	411,114	9,843	-	420,957
Reclamation deposits	125,744	-	-	125,744
	$ 6,438,218	$ 9,843	$ -	$ 6,448,061

Financial instruments - risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and market and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash and cash equivalents. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal accounts receivable exposure as its refundable credits are due from the Canadian Government.

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

12. Financial risk management (continued)

Financial instruments – risk (continued)

(d) Market risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the June 30, 2021 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted loss for the period, up or down, by approximately $46,000 (2020 - $28,000) before income taxes.

(e) Currency risk

The Company is exposed to currency risk because it holds funds and receivables in United States Dollars ("USD"), which, because of fluctuating exchange rates can create gains or losses at the time the funds are converted to Canadian dollars. The Company has no control over these fluctuations and does not hedge its foreign currency holdings. Based on its June 30, 2021 USD holdings, every 5% increase or decrease in the exchange rate would have had an insignificant impact on profit or loss before income taxes.

13. Commitments

On April 16, 2021, the Company completed a private placement of flow-through units for gross proceeds of $1,008,000 (Note 10). The Company is required to spend the funds on qualified exploration programs no later than December 31, 2022. The expenditures and available income tax benefits will be renounced to the flow-through shareholders effective December 31, 2021. As of June 30, 2021, $248,883 of the funds had been spent.

On June 28, 2021, the Company completed a private placement of flow-through units for gross proceeds of $504,000 (Note 10). The Company is required to spend the funds on qualified exploration programs no later than December 31, 2022. The expenditures and available income tax benefits will be renounced to the flow-through shareholders effective December 31, 2021. As of June 30, 2021, none of the funds had been spent.

A summary of the Company's flow-through premium liability as at June 30, 2021 and December 31, 2020 and changes during the period then ended is as follows:

	June 30, 2021	December 31, 2020
Balance, beginning of period	$ -	$ 136,852
Addition pursuant to financing	228,000	21,739
Reduction, pro rata based on eligible expenditures	(35,555)	(158,591)
Balance, end of period	$ 192,445	$ -

14. Event after the reporting period

Subsequent to June 30, 2021, the Company granted 2,950,000 stock options at an exercise price of $0.18 exercisable for a period of 5 years to directors, officers, employees and consultants.