ATON RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Presented in Canadian Dollars)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

NOTICE TO READER

Under National Instrument 51-102, 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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ATON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars – Unaudited)

As at	June 30, 2021	December 31, 2020
ASSETS		
Current		
Cash	$ 1,262,940	$ 32,425
Receivables	3,315	3,730
Prepayments and advances receivable (Note 6)	187,784	21,384
	1,454,039	57,539
Equipment and right-of-use asset (Note 4)	205,358	22,251
Mineral exploration concessions (Note 6)	1	1
	$ 1,659,398	$ 79,791
LIABILITIES AND SHAREHOLDERS' DEFICENCY		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 630,160	$ 1,935,731
Legal provision (Note 12)	71,901	71,901
Loan payable (Note 8)	3,557,064	378,511
	4,259,125	2,386,143
Shareholders' deficiency		
Share capital (Note 7)	28,132,910	28,016,561
Reserves (Note 7)	3,875,169	3,017,858
Deficit	(34,607,806)	(33,340,771)
	(2,599,727)	(2,306,352)
	$ 1,659,398	$ 79,791

Nature of business and going concern (Note 1)
Commitments and contingencies (Note 12)
Subsequent events (Note 13)

Approved and authorized by the Board of Directors on August 23, 2021:

"Bill Koutsouras" Director *"Tonno Vahk"* Director

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

ATON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Presented 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				
Depreciation (Note 4)	$ 16,092	$ 10,918	$ 17,205	$ 21,543
Exploration and evaluation expenditures (Notes 6)	279,159	205,076	511,321	366,014
Finance expense	110,817	6,362	132,113	10,183
Foreign exchange gain	22,609	(39,335)	1,799	40,990
Investor relations	4,392	11,393	15,334	23,084
Interest expense (Note 5)	-	643	-	1,361
Management and consulting fees (Note 8)	74,982	30,312	143,743	60,625
Office and administration	30,339	10,496	46,253	27,126
Professional fees	17,361	56,624	57,801	85,749
Travel	-	-	-	27,429
Accretion expense (Note 8)	405,468	15,720	456,541	25,712
	$ (961,219)	$ (308,209)	$ (1,382,110)	$ (689,816)
Other				
Gain on writing-off of debts	5,409	-	115,075	-
Loss and comprehensive loss for the period	$ (955,810)	$ (308,209)	$ (1,267,035)	$ (689,816)
Basic and diluted earnings per common share	$ (0.03)	$ (0.01)	$ (0.04)	$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	33,732,364	33,298,322	33,548,211	33,298,322

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

ATON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars - Unaudited)

For the six months ended	June 30, 2021	June 30, 2020
CASH FROM (USED IN) OPERATING ACTIVITIES		
Loss for the period	$ (1,267,035)	$ (663,231)
Items not affecting cash:		
Unrealized foreign exchange	(2,790)	(27,468)
Depreciation	17,204	21,543
Interest expense	-	1,361
Finance expense	132,113	10,183
Accretion expense	456,541	25,712
Gain on writing-off of debt	(115,075)	-
Changes in non-cash working capital items:		
Receivables	415	(1,297)
Prepayments and advances receivable	(166,400)	(284)
Accounts payable and accrued liabilities	(1,074,147)	410,775
Net cash used in operating activities	(2,019,174)	(222,706)
CASH USED IN INVESTING ACTIVITIES		
Purchase of property plant and equipment	(200,311)	-
Net cash used in investing activities	(200,311)	-
CASH FROM FINANCING ACTIVITIES		
Loan proceeds	3,450,000	218,000
Lease payments	-	(18,010)
Net cash provided by financing activities	3,450,000	199,990
Change in cash during the period	1,230,515	(22,716)
Effect of foreign exchange on cash	-	883
Cash, beginning of period	32,425	51,445
Cash, end of period	$ 1,262,940	$ 29,612

Supplemental disclosures with respect to cash flows (Note 11)

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

ATON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Presented in Canadian Dollars - unaudited)

	Share capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance at December 31, 2019	33,298,322	$ 27,877,897	$ 2,979,195	$ (31,988,889)	$ (1,131,797)
Issuance of bonus warrants	-	-	38,663	-	38,663
Loss for the period	-	-	-	(689,816)	(689,816)
Balance at June 30, 2020	33,698,322	27,877,897	3,017,858	(32,678,705)	(1,782,950)
Private Placement	400,000	160,000	-	-	160,000
Share-based payments	-	(21,336)	-	-	(21,336)
Loss for the period	-	-	-	(662,066)	(662,066)
Balance at December 31, 2020	33,698,322	28,016,561	3,017,858	(33,340,771)	(2,306,352)
Shares issued to settle accounts payable	484,785	116,349	-	-	116,348
Issuance of bonus warrants	-	-	857,311	-	857,311
Loss for the period	-	-	-	(1,267,035)	(1,267,035)
Balance at June 30, 2021	34,183,107	$ 28,132,910	$ 3,875,169	$ (34,607,806)	$ (2,599,727)

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

1. NATURE OF BUSINESS AND GOING CONCERN

Aton Resources Inc. (the "**Company**") operates through its wholly owned subsidiary, Aton Mining Inc., which was incorporated under the Business Corporations Act (British Columbia) on May 17, 2006 and whose principal business activities are the exploration and development of mineral properties in the Arab Republic of Egypt ("**ARE**" or "**Egyp**t"). The Company's registered and records office is located at 666 Burrard Street, Suite 1700, Vancouver, BC, V6C 3P6. The Company's common shares trade on the TSX Venture Exchange ("**TSX-V**") under the symbol "**AAN**".

During the year ended December 31, 2020, the Company consolidated its common shares at a ratio of ten pre-consolidation common shares to one post-consolidated common share. The number of shares, warrants and options and earnings per share data presented in these consolidated financial statements have all been adjusted retroactively to reflect the impact of this share consolidation.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of evaluation and exploration and development properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's exploration assets are located outside of Canada and are subject to the risk of foreign investment, including political uncertainty, increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

Going Concern

The Company is a mineral exploration company focused on acquiring and exploring mineral properties in the ARE. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

The consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. 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. As at June 30, 2021, the Company has a deficit of $34,607,806 (December 31, 2020 – $33,340,771) and a working capital deficit of $2,805,086 (December 31, 2020 - deficit of $2,328,604). This raises significant doubt as to the Company's ability to continue as a going concern. The 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.

1. NATURE OF BUSINESS AND GOING CONCERN (cont'd…)

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, 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 ability to raise funds.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements are compliant with IAS 34 and do not include all of the information required for full annual financial statements.

Basis of Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for the cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are the same as those applied in the Company's annual consolidated financial statements for the year-ended December 31, 2020. These condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements for the year ended December 31, 2020.

(Presented in Canadian Dollars - Unaudited)

4. EQUIPMENT AND RIGHT-OF-USE ASSET

	Field and office equipment	Vehicles and field accommodations	Right-of-use asset – office lease	Total
Cost				
Balance, December 31, 2019 and 2020	$ 296,023	$ 350,556	$ 65,122	$ 711,701
Additions	1,735	198,576	-	200,311
Balance, June 30, 2021	$ 297,758	$ 549,132	$ 65,122	$ 912,012
Accumulated depreciation				
Balance, December 31, 2019	$ 270,570	$ 331,656	$ 32,561	$ 634,787
Depreciation for the year	4,264	3,780	32,561	40,605
Loss on write-off	14,058	-	-	14,058
Balance, December 31, 2020	288,892	335,436	65,122	689,450
Depreciation for the period	800	16,404	-	17,204
Balance, June 30, 2021	$ 289,692	$ 351,840	$ 65,122	$ 706,654
Carrying amounts				
As at December 31, 2020	$ 7,131	$ 15,120	$ -	$ 22,251
As at June 30, 2021	$ 8,066	$ 197,292	$ -	$ 205,358

5. LEASE LIABILITY

The Company's lease relates to its office lease in Egypt, which has a term from December 31, 2019 to June 30, 2021.

Lease liabilities	
Balance, December 31, 2019	34,111
Interest expense	1,841
Lease payments	(35,952)
Balance, December 31, 2020 & June 30, 2021	$ -

6. MINERAL EXPLORATION CONCESSION

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing. Each mineral concession is considered to be a separate cash generating unit ("CGU").

Through the Company's wholly owned subsidiary, Aton Mining Inc., the Company holds the Abu Marawat exploration concession in Egypt.

The Abu Marawat Concession Agreement is defined by multiple phases of exploration with a required minimum exploration obligation for each phase of exploration. Phase I has a duration of one year, Phase II-A, is for a duration of two years and Phase II-B has a duration of two years. An additional six months may be applied with the approval of EMRA at the end of the last phase of exploration.

The Abu Marawat Concession has met the minimum financial obligation for all three phases and the Company is required to provide a 2% training fee on the total exploration expenditure for the fiscal year.

For the Abu Marawat Concession, on April 23, 2020 EMRA granted the Company a further extension to the Phase II-B exploration period, which will now expire on March 4, 2023.

During the year ended December 31, 2019, the Company received a refund of advances receivable for drilling costs on the Abu Marawat project of $240,491 (US$176,287).

During the year ended December 31, 2020, the Company relinquished 25% of the Abu Marawat concession area, as is required by the existing concession agreement. The areas relinquished are sterile ground and have no impact on the Company's identified exploration targets or financial statements.

(Presented in Canadian Dollars - Unaudited)

6. MINERAL EXPLORATION CONCESSION (cont'd…)

Cumulative Exploration and Evaluation Expenditures as follows:

	As at December 31, 2019	Additions	As at December 31, 2020	Additions	As at June 30, 2021
Concession access	$ 163,392	$ -	$ 163,392	$ -	$ 163,392
Mapping	6,429	-	6,429	-	6,429
Labour	3,075,056	480,329	3,555,385	304,591	3,859,976
Field costs	2,660,044	29,887	2,689,931	62,086	2,752,017
Camp upgrade	96,954	-	96,954	-	96,954
Mobilization	217,292	-	217,292	-	217,292
Drilling	4,645,428	-	4,645,428	-	4,645,428
Start-up	41,515	-	41,515	-	41,515
Geologic services	1,616,124	37,420	1,653,544	33,480	1,687,024
Geophysics	607,003	-	607,003	-	607,003
Assaying	1,929,776	19,450	1,949,226	3,923	1,953,149
Travel	692,245	12,122	704,367	7,471	711,838
	15,587,866	579,208	16,167,074	411,551	16,578,625
Consulting	3,202,840	48,328	3,251,168	15,035	3,266,203
Administration	2,030,132	153,951	2,184,083	84,735	2,268,818
	5,232,972	202,279	5,435,251	99,770	5,535,021
	$ 20,984,230	$ 781,487	$ 21,765,717	$ 511,321	$ 22,277,038

7. SHARE CAPITAL AND RESERVES

Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued share capital

As at June 30, 2021, the Company had 34,183,107 common shares issued and outstanding.

Share issuances

During the year ended June 30, 2021, the Company issued 484,785 common shares at a price of $0.24 per common share to settle a total of $116,348 in debt owed to directors and employees.

During the year ended December 31, 2020, the Company completed a non-brokered private placement by issuing 400,000 units at a price of $0.40 per unit for gross proceeds of $160,000, less share issuance costs of $21,336. Each unit consisted of one common share and one half of one share purchase warrant exercisable at $0.80 for three years.

(Presented in Canadian Dollars - Unaudited)

7. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options and warrants

Stock option and warrant transactions are summarized as follows:

	Options			Warrants		
	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Balance, December 31, 2019	2,677,500	$	0.61	13,466,355	$	0.71
Granted	-		-	800,000		0.58
Balance, December 31, 2020	2,677,500	$	0.61	14,266,355	$	0.70
Cancelled/Expired	(318,500)		0.63	(600,000)		0.50
Granted	-		-	14,365,957		0.24
Balance, June 30, 2021, outstanding and exercisable	2,359,000	$	0.60	28,032,312	$	0.47

Stock options outstanding

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

	Number outstanding	Number exercisable		Exercise price	Expiry date	Weighted average contractual life (years)
Stock Options	490,000	490,000	$	0.70	July 5, 2021[1]	0.01
	30,000	30,000		1.40	August 30, 2021	0.17
	780,000	780,000		0.65	March 27, 2022	0.74
	1,059,000	1,059,000		0.50	July 10, 2023	2.03
	2,359,000	2,359,000				

[1] Expired subsequent to period ended June 30, 2021.

(Presented in Canadian Dollars - Unaudited)

7. SHARE CAPITAL AND RESERVES (cont'd…)

Stock warrants outstanding

As at June 30, 2021, share purchase warrants were outstanding as follows:

	Number	Number exercisable	Exercise price	Expiry date
Share Purchase Warrants	7,072,500	7,072,500	0.80	December 9, 2021
	154,000	154,000	0.75	December 9, 2021
	4,065,162	4,065,162	0.50	February 13, 2023
	2,174,693	2,174,693	0.80	May 28, 2023
	200,000	200,000	0.80	October 30, 2023
	1,600,000	1,600,000	0.25	February 5, 2022
	4,255,319	4,255,319	0.235	March 16, 2022
	8,510,638	8,510,638	0.235	March 31, 2022
	28,186,312	28,186,312		

During the period ended June 30, 2021, there were no stock options granted. Total share-based payments recognized in the statement of loss and comprehensive loss for the period ended June 30, 2021 was $Nil (2020 – $Nil) for incentive options vested.

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's shares, forfeiture rate, and expected life of the options. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant.

The following weighted average assumptions were used for the valuation of stock options:

	June 30, 2021	December 31, 2020
Risk-free interest rate	-	-
Expected life of options	-	-
Annualized volatility	-	-
Dividend rate	-	-

(Presented in Canadian Dollars - Unaudited)

8. RELATED PARTY TRANSACTIONS

The following entities are classified as related parties due to the following:

Related party	**Relationship**
Bill Koutsouras	Director and Interim CEO
Anthony Clements	Director
David Laing	Director
Tonno Vahk	Director
Kouts Capital	Consulting company for Bill Koutsouras
Stella Chen	CFO
Red Fern Consulting Ltd.	CFO is an employee
Ou Moonrider ("Moonrider")	Significant shareholder

a) Key management personnel compensation

The remuneration of directors and management including the CEO and CFO were as follows:

	For the period ended June 30			
		2021		2020
Short-term employee benefits – management compensation	$	24,000	$	92,500
Short-term employee benefits – directors' fees		26,653		37,500
	$	50,653	$	130,000

b) Related party balances and transactions

The balances due to the Company's current directors and officer included in accounts payables and accrued liabilities were $15,403 (December 31, 2020 – $197,953). These amounts are unsecured, non-interest bearing and payable on demand.

During the period ended June 30, 2021:

a) The Company borrowed an unsecured short-term loan of $50,000 from Moonrider, a significant shareholder of the Company. The principal balance of loan payable bears an interest of 10% per annum.

b) The Company entered into a bridge loan facility (the "Third Facility") with Moonrider, a significant shareholder of the Company for $400,000. Pursuant to the Third Facility, the Company borrowed $400,000 from Moonrider at an interest rate of 12% per annum. In connection with the Third Facility, Moonrider was issued bonus warrants in February 2021 entitling it to acquire 1,600,000 common shares of the Company at a price of $0.25 per share. These bonus warrants had a fair value of $156,151 using risk-free interest rate of 0.24%, expected life of 1 year, dividend of 0% and volatility of 94.11%, which is accreted over 12 months. The bonus warrants are exercisable for a period of 12 months from issuance.

8. RELATED PARTY TRANSACTIONS (cont'd…)

b) Related party balances and transactions (cont'd…)

c) The Company entered into a bridge loan facility (the "Fourth Facility") with Moonrider, a significant shareholder of the Company for $1,000,000. Pursuant to the Fourth Facility, the Company borrowed $1,000,000 from Moonrider at an interest rate of 12% per annum. In connection with the Fourth Facility, Moonrider was issued bonus warrants in March 2021 entitling it to acquire 4,255,319 common shares of the Company at a price of $0.235 per share. These bonus warrants had a fair value of $141,367 using risk-free interest rate of 0.24%, expected life of 1 year, dividend of 0% and volatility of 35.36%, which is accreted over 12 months. The bonus warrants are exercisable for a period of 12 months from issuance.

d) The Company entered into a bridge loan facility (the "Fifth Facility") with Moonrider, a significant shareholder of the Company for $2,000,000. Pursuant to the Fifth Facility, the Company borrowed $2,000,000 from Moonrider at an interest rate of 12% per annum. In connection with the Fifth Facility, Moonrider was issued bonus warrants in March 2021 entitling it to acquire 8,510,638 common shares of the Company at a price of $0.235 per share. These bonus warrants had a fair value of $1,559,793 using risk-free interest rate of 0.23%, expected life of 1 year, dividend of 0% and volatility of 71.44%, which is accreted over 12 months. The bonus warrants are exercisable for a period of 12 months from issuance.

During the year ended December 31, 2020:

a) The Company borrowed an unsecured short-term loan of US$40,000 ($53,486) from Moonrider. The principal balance of loan payable bears an interest of 3% per annum. As at December 31, 2020, the Company accrued interest expense of $519.

b) The Company borrowed an additional $77,000 from its Second Facility. In connection with the Second Facility, Moonrider was issued bonus warrants entitling it to acquire 154,000 common shares at a price of $0.50 per share. These bonus warrants had a fair value of $8,198 using risk-free interest rate of 0.26%, expected life of 1 year and volatility of 85.18%, which is accreted over 12 months. The bonus warrants are exercisable for a period of 12 months from issuance.

c) The Company borrowed an additional $141,000 from its Second Facility. In connection with the Second Facility, Moonrider was issued bonus warrants entitling it to acquire 282,000 common shares of the Company at a price of $0.50 per share. These bonus warrants had a fair value of $30,465 using risk-free interest rate of 1.30%, expected life of 1 year and volatility of 87.27%, which is accreted over 12 months. The bonus warrants are exercisable for a period of 12 months from issuance.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in 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).

The carrying values of cash, receivables, legal provision and trade and other payables approximate their fair values due to the short-term nature of these instruments. The amortized cost of the loan approximates its fair value due to the nature of the instrument.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash (excluding nominal petty cash) are all held at large Canadian or International financial institutions in interest bearing accounts. The Company has no investment in asset-backed commercial paper.

The Company's receivables consist mainly of goods and services tax receivables due from the government of Canada. As at June 30, 2021, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined further on Note 9.

Accounts payable and accrued liabilities, legal provision and loan payable are due within one year. The Company's approach to managing liquidity risk is to try to have sufficient liquidity to meet liabilities when due. To maintain liquidity, the Company is currently investigating financing opportunities. While the Company has been successful in obtaining its required funding in the past, there is no assurance that future financings will be available.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A 1% change in interest rates on cash deposits would have a nominal effect on net loss.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Market risk *(cont'd)*

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and accounts payable and accrued liabilities that are denominated in US Dollars (USD).

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price 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 of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible".

The Company has cash and accounts payable and accrued liabilities denominated in USD and the Egyptian Pound (EGP) and are exposed to risk from changes in the USD and EGP. A 10% depreciation or appreciation of the CAD against the USD and EGP would result in an increase/decrease of $30,272 and $42,980, respectively.

Capital Management

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. In the management of capital, the Company considers components of shareholders' deficiency. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

10. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and evaluation of mineral properties. All of the Company's equipment and mineral exploration concessions are located in Egypt.

(Presented in Canadian Dollars - Unaudited)

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

For the period ended June 30	2021	2020
Shares issuance in settlement of debt	$ 116,349	$ -

12. COMMITMENTS AND CONTINGENCIES

A former director and CEO of the Company commenced litigation against the Company alleging wrongful dismissal and claiming damages of US$500,000 for severance and unpaid wages of $236,798 plus interest and costs related. The Company is defending the cases and believes they are without merit. No liability other than unpaid fees for services amounting to $253,386 has been recorded in relation to these legal proceedings.

Former employees of the Company commenced litigation against the Company in Egypt alleging wrongful dismissal and claiming damages up to $71,901 and a former vender of the Company claiming fees and compensation of US$14,596. During the year ended December 31, 2019, the Company won its case but then had this overturned by the appellate court. Aton has filed an appeal in the Court of Cassation to overturn this appeal ruling. However, as the appellate court judgment is enforceable while it is adjudicated by the Court of Cassation, the Company recorded a legal provision of $71,901 for contingent lawsuit expense.

In the ordinary course of business, the Company is from time to time involved in legal proceedings and litigation. Various legal claims were brought against the Company during the year. Unless recognized as a provision, management considers these claims to be unjustified and the probability that they will require settlement at the Company's expense to be remote.

The Company did not accrue any loss contingencies in this respect as of June 30, 2021, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.

13. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Company appointed Stella Chen as the Chief Financial Officer (CFO) of the Company. Ms. Chen works with a number of public and private companies in the resource and technology industries providing accounting and consulting services. Ms. Chen graduated from Simon Fraser University and holds a Bachelor of Arts in Economics degree as well as a diploma from the Accounting Program at the University of British Columbia.