

VOYAGEUR PHARMACEUTICALS LTD.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2021 AND 2020
(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited consolidated interim financial statements of Voyageur Pharmaceuticals Ltd. (the "Corporation") have not been reviewed by the auditors of the Corporation. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 – Continuous Disclosure Obligations.

VOYAGEUR PHARMACEUTICALS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at February 28,	February 28, 2021	November 30, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 435,946	\$ 2,967
GST input tax credits	20,792	12,667
Inventory	9,682	9,882
Prepaid expenses	1,000	-
	467,420	25,516
Reclamation deposits (note 8)	14,000	14,000
Equipment (note 5)	15,038	16,283
Exploration and evaluation assets (note 6)	1,312,946	1,219,381
Total assets	\$1,809,404	\$ 1,275,180
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 596,143	\$ 662,388
Current portion of finance lease obligation (note 15)	9,584	14,901
Loans and interest payable (note 7)	63,221	208,979
Due to shareholders (note 7)	24,049	24,049
	692,997	910,317
Long-term liabilities		
Provision for reclamation obligations (note 8)	14,000	14,000
Finance lease obligation (note 14)	14,337	14,528
CEBA Loan (note 15)	30,000	30,000
Total liabilities	751,334	968,845
SHAREHOLDERS' EQUITY		
Share capital (note 9)	4,239,735	3,437,650
Contributed surplus	815,798	791,094
Deficit	(3,997,463)	(3,922,409)
Total shareholders' equity	1,058,070	306,335
Total liabilities and shareholders' equity	\$1,809,404	\$ 1,275,180
Nature of operations and going concern (note 1)		
Commitments and contingencies (note 12)		
Subsequent events (note 16)		
Approved on behalf of the Board:		
Director	<u>(signed) "Ron Sifton"</u>	<u>(signed) "Trent Abraham"</u>
	Director	Director

See accompanying notes to the consolidated financial statements

VOYAGEUR PHARMACEUTICALS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the three months ended February 28,	2021	2020
EXPENSES		
General and administrative (note 7)	\$ 36,894	\$ 82,228
Professional fees (note 7)	9,283	2,358
Transfer agent and filing fees	12,266	-
Share-based compensation (note 9)	-	264,100
Wages and benefits (note 7(c))	21,469	59,962
	(79,912)	(408,648)
Net and comprehensive loss	(79,912)	(408,648)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	81,566,610	67,151,342

See accompanying notes to the consolidated financial statements

VOYAGEUR PHARMACEUTICALS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Share capital	Contributed surplus	Deficit	Total Equity
Balance, December 1, 2019	65,507,038	\$ 3,035,951	\$ 501,126	\$ 2,781,745	\$ 755,332
Shares issued on private placements	2,013,000	95,100	-	-	95,100
Shares issued to retire debt obligations	3,846,128	274,550	13,203	-	287,753
Flow-through shares issued on private placement	-	55,875	-	-	55,875
Flow-through share premium liability	-	3,725	-	-	3,725
Share issue costs	-	(10,197)	-	-	(10,197)
Share-based compensation	-	-	264,100	-	264,100
Net and comprehensive loss	-	-	-	408,647	(408,647)
Balance, February 29, 2020	71,366,166	\$ 3,455,004	\$ 778,429	\$ 3,190,392	\$ 1,043,041
Balance, December 1, 2020	71,366,166	\$ 3,437,650	\$ 791,094	\$ 3,917,551	\$ 311,193
Shares issued on private placements	5,790,000	294,000	-	-	294,000
Flow-through shares issued on private placement	9,770,000	488,500	-	-	488,500
Exercise of warrants	661,667.00	110,514	-	-	110,514
Exercise of options	100,000.00	10,000	-	-	10,000
Share issue costs	-	(76,226)	-	-	(76,226)
Unit warrants	-	(24,703)	24,703	-	-
Net and comprehensive loss	-	-	-	79,912	(79,912)
Balance, February 28, 2021	87,687,833	\$ 4,239,735	\$ 815,798	\$ 3,997,463	\$ 1,058,070

See accompanying notes to the consolidated financial statements

VOYAGEUR PHARMACEUTICALS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the three months ended February 28,	2021	2020
Cash provided by (used in):		
Operating activities		
Net and comprehensive loss for the year	\$ (79,912)	\$ (408,647)
Add item not involving cash:		
Share-based compensation	-	264,100
Change in non-cash operating working capital		
GST input tax credits	(8,125)	(5,779)
Accounts receivable	-	(8,568)
Inventory	200	-
Prepaid expenses	(1,000)	(43,511)
Accounts payable and accrued liabilities	(66,245)	(34,050)
Loans and interest payable	(145,663)	-
Net cash (used in) operating activities	(300,746)	(236,455)
Financing activities		
Promissory note proceeds	-	50,000
Finance lease payments	(5,508)	(1,325)
Proceeds from loans	-	-
Issuance of share capital	782,500	154,700
Exercise of warrants	110,514	-
Exercise of options	10,000	-
Share issue costs	(76,226)	(10,197)
Net cash provided by financing activities	821,280	193,178
Investing activities		
Exploration and evaluation expenditures	(92,320)	(23,276)
Accounts payable and accrued liabilities	4,764	-
Net cash (used in) investing activities	(87,556)	(23,276)
Change in cash and cash equivalents during the period	432,978	(66,554)
Cash and cash equivalents, beginning of the period	2,967	75,613
Cash and cash equivalents, end of the period	\$ 435,946	\$ 9,059

Supplemental cash flow information (note 14)

See accompanying notes to the consolidated financial statements

1. Nature of operations and going concern

Voyageur Pharmaceuticals Ltd., ("Voyageur" or the "Corporation") was incorporated under the Business Corporations Act (Alberta) on July 23, 2008 and is listed on the TSX Venture Exchange ("the Exchange"), trading under the symbol VM. Voyageur, through its wholly owned subsidiaries, Voyageur Industrial Minerals Ltd. and Voyageur Minerals Inc., is in the business of acquiring, exploring and developing mineral exploration properties, primarily in the province of British Columbia, Canada and the state of Utah, USA. In addition, the Corporation holds a 50% interest in ImagingX Pharmaceuticals Inc., a dormant Alberta-based company. To date, the Corporation has not generated significant revenues from operations and is considered to be an exploration stage corporation.

On November 12, 2019, the Corporation passed a special resolution to change its name to Voyageur Pharmaceuticals Ltd.

The address of the Corporation's registered and records office is 1600 Dome Tower 333 – 7 Avenue S.W., Calgary, Alberta, T2P 2Z1. The head office of the Corporation is located at 255, 339 – 50th Avenue S.E., Calgary, Alberta, T2G 2B3.

These consolidated financial statements have been prepared on the assumption that the Corporation will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business.

The Corporation is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. Recovery of the capitalized costs shown for mineral properties will likely require the establishment of economically recoverable reserves, the securing of development financing and profitable production.

As at February 28, 2021, the Corporation had not yet achieved profitable operations, has accumulated losses of \$3,997,463 (November 30, 2020 - \$3,922,409) since inception, a working capital deficiency of \$225,577 (November 30, 2020 - \$884,801) and expects to incur further losses in the development of its business. The Corporation has relied on support from various creditors and related party lenders to finance its operations. The continued volatility in global commodity and equity markets caused in part by the COVID-19 pandemic (Note 2) create significant uncertainties which impact the Corporation's ability to access the capital necessary to execute on its business plans. These material uncertainties may cast significant doubt on the Corporation's ability to continue as a going concern.

The future operations of the Corporation are dependent on the continued support from creditors and lenders and the Corporation's ability to raise additional capital through equity financings or by selling or optioning its mineral properties. While the Corporation has been successful in securing financings in the past and has completed private placement and other equity financing subsequent to year end (Note 15), there is no assurance that it will be able to continue to do so in the future. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Corporation be unable to continue as a going concern. If the going concern assumption was not appropriate, then the adjustments required to report the Corporation's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. Impact of COVID-19

The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of any government monetary and fiscal interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operations in future periods. The outbreak and subsequent measures intended to limit the pandemic have contributed to significant declines and volatility in financial markets, which has caused significant liquidity challenges for the Corporation.

Management has taken the following steps to address and limit the impact on the Corporation and its financial condition:

- The Corporation has implemented and followed health and safety procedures in accordance with provincial health guidelines;
- In the prior year, the Corporation settled \$288,460 in outstanding liabilities through share-for-debt agreements; and
- The Corporation has reduced its spending on general and administrative, wages and benefits and other discretionary expenses to preserve cash resources and limit the impact on liquidity.
- The Corporation is continuing to raise capital to move projects forward and to allow for financial flexibility as the Pandemic continues.

The following estimates and judgements made by management in the preparation of these consolidated financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty:

- Appropriateness of the going concern assumption
- Impairment of exploration and evaluation assets

3. Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared 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").

Approval of consolidated financial statements

These consolidated financial statements were authorized for issue on April 27, 2021 by the directors of the Corporation.

Basis of consolidation

These consolidated financial statements include the accounts of the Corporation, its wholly owned Canadian subsidiary, Voyageur Industrial Minerals Ltd., its wholly owned United States subsidiary, Voyageur Minerals Inc., and its jointly controlled subsidiary, ImagingX Pharmaceuticals Inc. All significant inter-company transactions and balances have been eliminated upon consolidation.

Basis of measurement

The consolidated financial statements of the Corporation have been prepared on an accrual basis and are based on historical costs, modified where applicable. The policies applied in these consolidated financial statements are based on IFRS as issued by the IASB and interpretations of the IFRIC issued and outstanding as of April 27, 2021, the date the board of directors approved the statements. These consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Corporation.

4. Summary of significant accounting policies

(a) Significant accounting judgement and estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements may include estimates which, by their nature, are uncertain. The impacts of such estimates could be pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Significant assumptions management has made could result in a material adjustment to the carrying amounts of assets and liabilities including the determination of fair value of share-based payments using the expected volatility, in the event that actual results differ from assumptions.

The Corporation's accounting policy for exploration costs results in certain items being capitalized according to the expected recoverability of the projects. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the costs, a judgment is made that recovery of the costs is unlikely, the relevant capitalized amount will be written off to earnings.

5. Equipment

Cost	Total
Balance, November 30, 2020	\$ 62,682
Additions	-
Balance, February 28, 2021	\$ 62,682
Accumulated depreciation and impairments	
Balance, November 30, 2020	\$ 46,399
Depreciation	1,245
Balance, February 28, 2021	\$ 47,644
Carrying Amount	
Balance, November 30, 2020	\$ 16,283
Balance, February 28, 2021	\$ 15,038

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6. Exploration and evaluation assets

The Corporation has interests in four mineral properties located in British Columbia, Canada and Utah, USA as at February 28, 2021. These are Frances Creek, Jubilee Mountain, Pedley Mountain and Paradox Basin. The Company determined it would not continue to pursue the Lithium King property in the United States and, accordingly, impaired the property during the year ended November 30, 2020.

A summary of the capitalized acquisition and exploration expenditures on the Corporation's exploration and evaluation assets for the three months ended February 28, 2021 and the year ended November 30, 2020:

	Canada			USA		
	Frances Creek	Jubilee Mountain	Pedley Mountain	Paradox Basin	Lithium King	Total
Balance, November 30, 2019	\$ 700,832	\$ 101,303	\$ 45,804	\$ 172,665	\$ 152,104	\$ 1,172,708
Claims fees	5,701	17,259	-	20,160	-	43,120
Geological and consulting	17,100	-	-	-	-	17,100
Assays and surveys	44,778	-	-	-	-	44,778
Site expenses	287	-	-	-	-	287
Insurance	6,617	-	-	-	-	6,617
Salaries and wages	45,851	-	-	-	-	45,851
Depreciation of exploration equipment	5,753	-	-	-	-	5,753
Other	4,182	-	-	-	-	4,182
Mineral exploration tax credits (note 14)	31,089	-	-	-	-	31,089
Impairment	-	-	-	-	(152,104)	(152,104)
Balance, November 30, 2020	\$ 862,190	\$ 118,562	\$ 45,804	\$ 192,825	\$ -	\$ 1,219,381
Geological and consulting	80,395	-	-	-	-	80,395
Site expenses	620	-	-	-	-	620
Insurance	571	-	-	-	-	571
Salaries and wages	10,734	-	-	-	-	10,734
Depreciation of exploration equipment	1,245	-	-	-	-	1,245
Balance, February 28 2021	\$ 955,755	\$ 118,562	\$ 45,804	\$ 192,825	\$ -	\$ 1,312,946

Frances Creek, Jubilee Mountain, and Pedley Mountain – Canada

In fiscal 2013, the Corporation was granted the exclusive option to purchase a 100% undivided interest in certain mineral properties located in the province of British Columbia referred to as "Pedley Mountain", "Jubilee Mountain" and "Frances Creek" (together, the "claims") from Tiger Ridge Resources Ltd. (the "Vendor"), a related party.

The Vendor has reserved a 3.5% gross milled sales return royalty on the production of barite and other industrial minerals and a 3.5% net smelter return royalty on the production of base and precious metals on all the claims. In addition, the claims are burdened by a previously existing royalty of \$2.00/tonne on finished barite and \$2.00/tonne on metals concentrate production.

The Corporation and the Vendor are related by virtue of the directors, officers and shareholders of the Vendor also being directors, officers and shareholders of the Corporation.

Paradox Basin – USA

In July 2016, the Corporation entered into an agreement to acquire, from the owner, a 100% interest in 89 mineral claims covering approximately 720 hectares in a lithium brine property located in the Paradox.

On September 14, 2016, the Corporation entered into a Standstill Agreement with Anson Resources Ltd. ("Anson"). Under the terms of the agreement, Anson paid Voyageur a non-refundable deposit of US\$75,000 (CDN\$98,753) in exchange for the exclusive right to conduct due diligence on Voyageur's ULI Project for a period of 45 days and, based on its due diligence findings, earn into the project.

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6. Exploration and evaluation assets (continued)

On March 27, 2017 the Corporation signed a formal joint venture agreement with Anson whereby Anson may earn up to 70% of the ULI Project by undertaking exploration activities on the project. Anson earned a 10% interest in the ULI Project upon signing of the formal joint venture agreement and can earn further interests upon completing the following:

- 40% by defining the location(s) for one or more drill holes, issuing a NI 43-101 technical report, and incurring US\$666,000 in qualifying expenditures; and
- a further 20% by drilling and logging one or more holes, issuing an updated NI 43-101 technical report, and incurring US \$2,330,000 in qualifying expenditures.

In fiscal 2018, Anson provided the Corporation with notice advising that Anson had completed the 40% earn-in. The Corporation and Anson are currently in dispute as to whether or not the 40% earn-in has occurred on this agreement. Discussions are continuing between the parties.

Lithium King - USA

In March 2017, the Corporation entered into an agreement to acquire a 100% interest in 71 mineral claims covering approximately 563.62 hectares in a lithium brine property located in the salt flats of Utah, USA (the "Lithium King Property"). The claims were staked by the owner and were transferred to Voyageur's wholly-owned United States subsidiary. However, during the year ended November 30, 2020, the Corporation made the decision to forfeit its right to explore the property as the Corporation was focused on other, higher value targets. An impairment charge of \$152,104 (2019 - \$nil) was recorded during the year ended November 30, 2020.

7. Related party transactions and balances

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties. Related party transactions are disclosed below, unless they have been disclosed elsewhere in the financial statements.

(a) Transactions

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The table includes the nature of the transaction and a reference to the description of the related counterparty.

For the three months ended	2021	2020
Expenses		
Interest (included in general and administrative) (i)	\$ 3,277	\$ -
Share-based compensation (i)	-	264,100
Consulting fees (iii)	-	10,000
	\$ 3,277	\$ 274,100
Exploration and evaluation assets		
Salaries and benefits (iii)	\$ 10,734	\$ 16,069
	\$ 14,011	\$ 290,169

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7. Related party transactions and balances (continued)

(b) Amounts due to related parties

		2021		2020
Accounts payable and accrued liabilities (i)	\$	84,422	\$	74,919
Due to shareholders		7,344		7,344
Loans and interest payable (i)		63,221		50,000
	\$	154,987	\$	132,263

- I. Current and former officers and directors
- II. Former VP Finance and Business development
- III. Chief Operating Officer

Included in accounts payable and accrued liabilities is an amount owing to a director of \$86,247 (2020 - \$71,719) which bears interest at 10% per annum effective January 1, 2020. Total accrued interest included in accounts payable and accrued liabilities at year-end in respect of this payable amounted to \$7,058 (2019 - \$nil).

Amounts due to shareholders are unsecured, non-interest bearing and due on demand.

The loans and interest payable are unsecured, due on demand and bear interest at 10% per annum. Included in the loans and interest payable balance at year-end is \$7,285 in accrued interest (2020 - \$nil).

(c) Key management compensation

The Corporation has determined key management personnel to be the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and the Board of Directors. For the comparative period, this would also include the VP Finance and legal consultant. Compensation expense for key management personnel was:

For the three months ended February 28,		2021		2020
Management compensation	\$	32,202	\$	76,031
Share-based compensation		-		264,100
	\$	32,202	\$	340,131

8. Reclamation deposits

Prior to commencement of exploration of a mineral property in British Columbia, Canada, a company is required to post a reclamation bond against any potential land restoration costs that may be incurred in the future, which is refunded upon completion of reclamation to the satisfaction of the Inspector of Mines. The Corporation has posted reclamation bonds of \$14,000 (2020 - \$14,000) with the Province of British Columbia, Canada.

Based on the Corporation being in the early stages of exploration and the nature and extent of exploration activities to date, minimal reclamation obligations exist. Management has recorded a provision of \$14,000 (2020 - \$14,000), which is the best estimate of the Corporation's future reclamation obligations resulting from the exploration activities conducted. The Corporation has not present-valued the expected future cash flows nor recorded accretion expense given the uncertainty associated with the timing of when the cash outflows to settle the liability will be incurred.

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(Expressed in Canadian Dollars)

9. Share capital

(a) Authorized

Unlimited number of Class A shares
 Unlimited number of Class B and Class C preferred shares

(b) Issued and outstanding Class A common shares

	February 28, 2021		November 30, 2020	
	Number	Amount	Number	Amount
Balance, beginning of year	71,366,166	\$ 3,437,649	65,563,038	\$ 3,035,951
Issued on private placement	5,790,000	294,000	1,268,000	95,100
Issued to retire debt obligations	-	-	3,846,128	288,460
Flow-through shares issued on private placement	9,770,000	488,500	745,000	59,600
Exercise of warrants	661,667	110,514		
Exercise of stock options	100,000	10,000		
Shares cancelled and returned to treasury	-	-	(56,000)	
Flow-through share premium	-	-	-	(3,725)
Share issue costs	-	(76,226)	-	(28,010)
Value assigned to unit warrants	-	(24,702)	-	(9,727)
Balance, end of year	87,687,833	\$ 4,239,735	71,366,166	\$ 3,437,649

2021

On December 31, 2020, the Corporation closed a private placement raising total gross proceeds of \$567,500 through the sale of 11,350,000 Common and Flow-Through units. This raise was comprised of 9,770,000 Flow-Through Units at \$0.05 per unit for total gross proceeds of \$488,500 with each unit comprised of one (1) common share and one-half (1/2) of one common share purchase warrant. Each whole warrant is exercisable at \$0.12 for a period of two years from the closing date.

In addition, the Corporation issued 1,580,000 common share units at \$0.05 per unit for total gross proceeds of \$79,000. Each Common unit was comprised of one (1) common share and one (1) common share purchase warrant, exercisable at \$0.10 for a period of two years from the closing date. In connection with the Offering, the Corporation paid aggregate cash commissions of \$16,400 and issued 328,000 broker warrants exercisable at a price of \$0.12 per Common for a period of two years from the date of issuance.

On January 15, 2021, The Corporation issued 4,300,000 Common Units at \$0.05 per unit. Each Unit was comprised of one (1) common share and one (1) common share purchase warrant, exercisable at \$0.10 for a period of two years from the closing date. In connection with the Offering, the Corporation paid aggregate cash commissions of \$8,000 and issued 160,000 broker warrants exercisable at a price of \$0.10 per common share for a period of two years from the date of issuance.

During the first quarter ended February 28, 2021, the Corporation received a total of \$110,514 through the exercise of 661,667 share purchase and broker warrants into common shares. In addition, the Corporation received a total of \$10,000 through the exercise of 100,000 stock options into common shares.

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(Expressed in Canadian Dollars)

9. Share Capital (continued)

2020

On December 23, 2019, the Corporation closed a private placement raising a total of \$95,100 through the sale of 1,268,000 units at \$0.075 per unit. Each unit contained one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.20 for a two-year period. The unit warrants have been valued at a \$6,340 using the residual value method.

On December 30, 2019, the Corporation closed a private placement raising a total of \$59,600 through the sale of 745,000 flow-through units at \$0.08 per unit. Each flow-through unit contains one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.20 for a two-year period. In connection with this placement, the Corporation paid cash of \$3,968 and issued 49,600 broker warrants. The unit warrants have been valued at a nominal amount of \$0.001 per warrant using the residual value method resulting in a value of \$745. The broker warrants were valued at \$992 using the Black Scholes option pricing model with the following assumptions: market price of \$0.07, term of two years; volatility of 100%; dividend of 0%; and discount rate of 1.64%.

A flow-through premium liability of \$0.005 per unit has also been recorded to recognize the sale of tax deductions for a total premium liability of \$3,725. During the year ended November 30, 2020, the Corporation incurred qualifying flow-through expenditures resulting in other income of \$3,725.

On February 11, 2020, the Corporation entered into settlement agreements with creditors and settled \$288,460 of debt, which consisted of \$164,571 in accounts payable, \$105,588 in loans and interest and \$18,301 due to shareholders, with the issuance of 3,846,128 common shares at a deemed price of \$0.075 per share and 2,640,688 common share purchase warrants, each one of which entitles the holder to acquire one additional common share at \$0.20 for a two-year period. The warrants have been valued at \$2,640 using the residual value method.

During the first quarter of fiscal 2020, the Corporation cancelled and returned to treasury 56,000 common shares that were issued to brokers during fiscal 2019 in error.

(c) Warrants

Details of common share purchase warrants outstanding at February 28, 2021 are as follows:

	February 28 2021		November 30, 2020	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding - beginning of period	21,457,826	\$ 0.16	31,818,140	\$ 0.16
Issued on private placements	9,595,000	-	2,013,000	\$ 0.20
Issued to brokers on private placements	408,000	-	2,640,688	\$ 0.20
Exercised	(661,667)		49,600	\$ 0.20
Expired	(5,204,752)	-	(15,063,602)	\$ (0.16)
Outstanding - end of period	25,594,407	\$ 0.16	21,457,826	\$ 0.17

VOYAGEUR PHARMACEUTICALS LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

AS AT AND FOR THE THREE MONTHS ENDED FEBRUARY 28, 2021 AND 2020

*(Expressed in Canadian Dollars)***9. Share Capital (continued)**

During the quarter ended February 28, 2021, 661,667 share purchase and broker warrants were exercised into common shares at strike prices ranging from \$0.15 and \$0.20. Total proceeds amounted to \$110,514.

As at February 28, 2021, the following share purchase warrants were outstanding:

Number of Warrants	Exercise price	Expiry date
3,053,687	\$ 0.15	May 6, 2021
3,466,666	\$ 0.15	July 23, 2021
250,000	\$ 0.20	September 17, 2021
1,327,400	\$ 0.15	September 24, 2021
1,433,333	\$ 0.20	October 30, 2021
1,381,833	\$ 0.20	November 27, 2021
1,268,000	\$ 0.20	December 23, 2021
769,800	\$ 0.20	December 29, 2021
2,640,688	\$ 0.20	February 23, 2022
1,580,000	\$ 0.10	December 31, 2022
5,213,000	\$ 0.12	December 31, 2022
3,210,000	\$ 0.10	January 15, 2023
25,594,407		

The weighted average remaining contractual life of the issued and outstanding warrants at February 28, 2021 was 1.92 years.

(d) Stock options

The Corporation has adopted an incentive stock option plan which provides that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable up to ten years from the date of grant. The fair value of each option grant will be estimated on the date of grant using the Black-Scholes option pricing model. Stock options issued and outstanding are as follows:

	February 28, 2021		November 30, 2020	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding - beginning of year	4,970,000	\$ 0.10	3,598,532	\$ 0.10
Issued	-	0.10	3,700,000	-
Exercised	(100,000)	0.10	-	-
Expired/Forfeited	-	(0.10)	(2,328,532)	(0.10)
Outstanding - end of year	4,870,000	\$ 0.10	4,970,000	\$ 0.10

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9. Share Capital (continued)

Details of the share options outstanding and exercisable as at February 28, 2021 are as follows:

Expiry Date	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested	Exercise Price	Weighted Average Remaining Life Years
December 5, 2022	1,020,000	1,020,000	-	\$ 0.10	2.0 years
May 31, 2023	250,000	250,000	-	\$ 0.10	2.5 years
January 20, 2030	3,250,000	3,250,000	-	\$ 0.10	9.1 years
February 24, 2030	350,000	350,000	-	\$ 0.10	9.2 years
	4,870,000				

No stock options were granted during the three months ended February 28, 2021. During the comparative quarter ended February 29, 2020, the Corporation issued 3,700,000 incentive stock options to directors, officers, employees and consultants. These options were all immediately vested and are exercisable at \$0.10 per share for a period of ten years. The fair value of the options was calculated using the Black-scholes model.

During the quarter ended February 28, 2021, a total of 100,000 stock options were exercised into common shares for proceeds of \$10,000.

As at February 28, 2021, stock options outstanding had a weighted average remaining life of 7.07 years.

10. Financial instruments

As at February 28, 2021 and November 20, 2020, the Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, reclamation deposits, accounts payable and accrued liabilities, due to shareholders, finance lease obligations, loans and interest payable and CEBA loan. The amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to the short-term nature and negligible credit losses. These financial instruments are classified as follows:

- Cash and cash equivalents – amortized cost
- Accounts receivable – amortized cost
- Reclamation deposits – amortized cost
- Accounts payable and accrued liabilities – amortized cost
- Due to shareholders – amortized cost
- Finance lease obligation – amortized cost
- Loans and interest payable – amortized cost
- CEBA loan – amortized cost

The Corporation does not use derivative instruments or hedges to manage risks because the Corporation's exposure to credit risk, interest rate risk and currency risk is low.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and cash equivalents is exposed to credit risk, however the risk is deemed small because the counterparty is a highly rated banks.

10. Financial instruments (continued)

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. The Corporation's cash and cash equivalents are exposed to interest rate risk as the Corporation invests cash and cash equivalents at floating rates of interest in highly liquid instruments. Fluctuations in interest rates impact the value of cash and cash equivalents. All of the Corporation's other interest-bearing financial instruments are subject to fixed rates of interest.

Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign currency risk as certain monetary financial instruments are denominated in United States dollars. At February 28, 2021, total assets include cash of US\$27,360 (November 30, 2020 - US\$82) and total liabilities include accounts payable and accrued liabilities of US\$133,425 (November 30, 2020 - US\$135,475), and loans and interest payable of US\$6,763 (November 30, 2020 - \$59,710). The Corporation has not entered into any foreign currency contracts to mitigate this risk. The Corporation's sensitivity analysis suggests that a change in the absolute rate of exchange in the United States dollar by 10% would increase or decrease net loss by \$16,750 (November 30, 2020 - \$19,520) in these consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation experienced significant liquidity challenges during the year as a result of the factors discussed in Notes 1 and 2. In order to address these issues, management reduced expenditures to the extent possible and negotiated share-for-debt arrangements with various creditors and lenders. The majority of the Corporation's financial liabilities are short term in nature and given the working capital deficiency at the reporting period date, the Corporation's ability to meet its obligations when they become due is uncertain. In order to further address current liquidity issues, the Corporation has raised equity financing subsequent to year end (Note 17) and intends to pursue additional equity offerings and the extinguishment of obligations through share-for-debt settlements. Management believes the efforts and actions taken will address the Corporation's liquidity challenges and allow the entity to meet its short-term financial obligations.

11. Capital management

The Corporation's objectives when managing capital are:

- To safeguard the Corporation's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Corporation includes shareholders' equity and cash and cash equivalents in the definition of capital. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

There have been no changes with respect to the overall capital management strategy or risk assessments during the three months ended February 28, 2021 and for the year ended November 30, 2020.

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12. Commitments and contingencies

Flow-through shares

As a result of the issuance of flow-through shares during the three months ended February 28, 2021, the Corporation had a commitment to incur \$488,500 in qualifying expenditures on or before December 31, 2022. As of February 28, 2021, the remaining commitment was \$420,432.

13. Supplemental cash flow information

The following outlines the supplemental cash flow details during the years ending November 30, 2020 and 2019:

	28-Feb-21	29-Feb-20
Non-cash transactions:		
Broker warrants issued as share issue costs (note 9)	\$ 24,702	\$ 992
Shares issued to settle debt (note 9)	-	288,460
Flow-through share premium	-	3,725
Depreciation capitalized to exploration and evaluation assets (note 6)	1,245	1,809
Share-based compensation	-	264,100

14. Finance lease obligation

The Corporation entered into an agreement for the lease of equipment. This lease agreement transferred substantially all the risks and rewards incidental to the ownership of the equipment to the Corporation and the Corporation considered it as a purchase and finance agreement. Accordingly, at the commencement of the lease term, the Corporation recognized this agreement as the acquisition of an asset and liability at amounts equal to the present value of the minimum lease payments. The equipment under finance lease was recognized in property and equipment. The lease is for a period of five years with payments of \$888 due monthly. The discount rate used in calculating the present value of the minimum lease payments was the interest rate implicit in the finance lease of 5.475%.

	February 28, 2021	November 30, 2020
Present value lease payments outstanding	\$ 23,921	\$ 29,429
Less current portion	(9,584)	(14,901)
Long-term portion	\$ 14,337	\$ 14,528

At February 28, 2021, the net carrying amount of the leased equipment was \$12,181 (November 30, 2020 - \$13,147).

15. CEBA loan

The Corporation received the Canada Emergency Business Account ("CEBA") loan from the Government of Canada in the amount of \$40,000, which bears interest at 0% per annum until December 31, 2022. Interest will accrue at 5% per annum commencing on January 1, 2023. The loan matures on December 31, 2025. If the loan is repaid at or before the December 31, 2022 then \$10,000 of the loan balance will be forgiven. The portion of the loan that is expected to be forgiven was taken into profit and loss in the year the loan is received (Year ended November 30, 2020) and is included in other income on the consolidated statement of comprehensive loss.

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16. Subsequent events

- 1) During the period of March 1, 2021 – April 27, 2021, a total of 1,427,500 share purchase and broker warrants were exercised at exercise prices ranging from \$0.15 - \$0.20 providing total gross proceeds to the Corporation of \$214,125. In addition, during same period, a total of 380,000 stock options were exercised into common shares at an exercise price of \$0.10 for gross proceeds to the Corporation of \$38,000.
- 2) On April 5, 2021, the Corporation received two additional Health Canada approvals and issuance of product licenses. These approvals related to the Corporations MultiX Ba Radiographic Barium Contrast products. These approvals were in addition to two other approvals obtained in the quarter ended February 28, 2021.
- 3) On April 13, 2021, the Corporation announced it launched a non-brokered private placement for up to \$1,725,000 in equity comprised of a combination of Flow-Through and Common Unit offering. Subsequently, on April 22, the Corporation announced an increase to the financing to a maximum raise of \$2,100,000.
- 4) On April 13, 2021, the Corporation announced it had issued 2,625,000 stock options to officers, directors and contractors. The options vested immediately, included a strike price of \$0.175 and a life of 10 years.