

ARBOR METALS CORP.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED APRIL 30, 2021 AND 2020

(Unaudited – Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited interim financial statements of Arbor Metals Corp. (the “Company”) have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

ARBOR METALS CORP.

Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	April 30 2021	October 31 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 163,355	\$ 39,861
GST receivable	1,281	2,496
Prepaid expenses	938	127,188
Total current assets	165,574	169,545
Non-current assets		
Exploration and evaluation properties (note 4)	940,579	940,029
Total assets	\$ 1,106,153	\$ 1,109,574
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 10,783	\$ 11,719
Loans payable (note 5)	-	200,000
Total current liabilities	10,783	211,719
Non-current liabilities		
Loans payable (note 5)	539,358	513,369
Total liabilities	550,141	725,088
SHAREHOLDERS' EQUITY		
Share capital (note 6)	2,522,591	2,372,591
Reserves (note 6)	226,835	171,923
Deficit	(2,193,414)	(2,160,028)
Total shareholders' equity	556,012	384,486
Total liabilities and shareholders' equity	\$ 1,106,153	\$ 1,109,574

Nature and continuance of operations (note 1)

Approved on behalf of the Board

Director "Alex Klenman"
Alex Klenman

Director "Mark Ferguson"
Mark Ferguson

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

ARBOR METALS CORP.Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended April 30		For the six months ended April 30	
	2021	2020	2021	2020
Expenses				
Consulting fees (note 7)	\$ 21,750	\$ 9,750	\$ 43,500	\$ 14,700
Corporate communications	50,000	97,073	135,000	97,073
Interest (note 5)	12,940	-	25,989	-
Office and administration	505	9,814	666	9,925
Professional fees	4,844	15,398	16,565	21,705
Share-based compensation (note 6)	-	-	54,912	-
Transfer agent and filing fees	6,281	34,236	8,254	46,792
	(96,320)	(166,271)	(284,886)	(190,195)
Other item				
Other income (note 11)	-	-	251,500	-
Net and comprehensive loss	\$ (96,320)	\$ (166,271)	\$ (33,386)	\$ (190,195)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	51,070,075	47,426,964	50,547,976	45,871,613

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

ARBOR METALS CORP.

Consolidated Interim Statements of Cash Flow
(Unaudited - Expressed in Canadian Dollars)

	For the six months ended April 30	
	2021	2020
Cash provided by (used in):		
Operating activities		
Net loss	\$ (33,386)	\$ (190,195)
Item not involving cash:		
Interest	25,989	-
Share-based compensation	54,912	-
Change in non-cash working capital:		
GST receivable	1,215	(1,282)
Prepaid expenses	126,250	1,450
Accounts payable and accrued liabilities	(936)	(10,639)
Net cash flows used in operating activities	174,044	(200,666)
Investing activities		
Mineral property acquisition and exploration costs	(550)	(905,000)
Net cash flows used in investing activities	(550)	(905,000)
Financing activities		
Loan repayment	(200,000)	-
Exercise of warrants	150,000	138,000
Net cash flows used in financing activities	(50,000)	138,000
Change in cash	123,494	(967,666)
Cash and cash equivalents, beginning of the period	39,861	1,010,054
Cash and cash equivalents, end of the period	\$ 163,355	\$ 42,388
Supplemental disclosures with respect to cash flow:		
Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

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

ARBOR METALS CORP.

Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total Equity
Balance at November 1, 2019	44,350,075	\$ 2,234,591	\$ 171,923	\$ (1,404,559)	\$ 1,001,955
Exercise of warrants	3,220,000	138,000	-	-	138,000
Net loss	-	-	-	(190,195)	(190,195)
Balance at April 30, 2020	47,570,075	2,372,591	171,923	(1,594,754)	949,760
Balance at November 1, 2020	47,570,075	2,372,591	171,923	(2,160,028)	384,486
Exercise of warrants	3,500,000	150,000	-	-	150,000
Share-based compensation	-	-	54,912	-	54,912
Net loss	-	-	-	(33,386)	(33,386)
Balance at April 30, 2021	51,070,075	\$ 2,522,591	\$ 226,835	\$ (2,193,414)	\$ 556,012

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

ARBOR METALS CORP.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the periods ended April 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Arbor Metals Corp. (formerly Vela Minerals Ltd.) (the "Company") was incorporated in the Province of British Columbia on May 19, 2011 and is in the business of identifying, acquiring and exploring mineral properties. The Company is currently in the exploration stage of developing its exploration and evaluation properties and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "ABR".

The address of the Company's registered office is 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

On March 27, 2020, the Company completed a forward share split on the basis of two-and-one-half additional common shares for every one common share outstanding on that date. All basic and diluted loss per share amounts and weighted average number of common shares have been retroactively adjusted to reflect this event.

These consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

The Company does not generate sufficient cash flow from operations to adequately fund its activities and has therefore relied upon external financing for its operational expenses. As at April 30, 2021, the Company had an accumulated deficit of \$2,193,414 (October 31, 2020 - \$2,160,028), which has been funded by the issuance of equity and debt. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company intends to continue relying upon external financing to finance its future activities but there can be no assurance that such financing will be available on a timely basis and/or on terms acceptable to the Company. Although these financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's recoverability of assets, classification of assets and liabilities, and results of operations and the Company's ability to continue as a going concern.

The business of mining and exploration 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 Company has no source of operating revenue and has significant cash requirements to finance its administrative overhead expenses and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets do not reflect current or future values.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended April 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS, continued

The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. The Company estimates that additional funding will be required to continue operations over the next 12 months. These factors indicate the existence of a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

These consolidated interim financial statements were authorized for issue on May 17, 2021 by the directors of the Company.

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

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended October 31, 2020, which have been prepared in accordance with IFRS.

These consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. All amounts are expressed in Canadian dollars unless otherwise stated.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended April 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES**Basis of consolidation**

These consolidated interim financial statements include the financial statements of the Company and its wholly owned subsidiaries, Kruger Gold Corp. ("Kruger") and Arbor Gold Royalties Corp. ("Arbor Gold"). Both subsidiaries are incorporated in the Province of British Columbia.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated in preparing the consolidated interim financial statements.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated interim financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluations assets may not be recoverable.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended April 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued**Recent accounting pronouncements**

The Company adopted the following new standards effective November 1, 2019:

Leases – On November 1, 2019, the Company adopted IFRS 16 –Leases (“IFRS 16”) which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The adoption of IFRS 16 on November 1, 2019 did not have an impact on the Company's consolidated interim financial statements.

New accounting standards issued but not yet effective

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's consolidated interim financial statements.

4. EXPLORATION AND EVALUATION PROPERTIES

	Cree Lake	Rakounga Gold	Total
Balance at October 31, 2019	\$ 10,000	\$ -	\$ 10,000
Acquisition costs	-	900,000	900,000
Exploration costs	5,000	40,029	45,029
Write down	(15,000)	-	(15,000)
Balance at October 31, 2020	\$ -	\$ 940,029	\$ 940,029
Exploration costs	-	550	550
Balance at April 30, 2021	\$ -	\$ 940,579	\$ 940,579

Cree Lake Property, Saskatchewan, Canada

On October 15, 2018, the Company signed an option agreement to acquire a 100% interest in certain mineral claims, comprising 2,473 hectares in the Athabasca Basin, Saskatchewan. The terms of the Purchase Option Agreement are as follows:

- cash consideration of \$10,000 on closing of a private placement (paid);
- \$100,000 within 24 months of the signing of this agreement;
- \$100,000 in exploration expenditures within 24 months of signing of the agreement.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended April 30, 2021 and 2020

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4. EXPLORATION AND EVALUATION PROPERTIES, continued

The Company's interest is subject to a 1% NSR payable to the vendor, of which ½ % may be purchased for \$1,500,000.

The October 15, 2020 option payment was not made as management has decided to focus its efforts on other properties. Accordingly, the property was written down to \$Nil during the year ended October 31, 2020.

Rakounga Gold Project, Burkina Fasso, West Africa

On December 2, 2019, as amended on March 2, 2020, Kruger Gold Corp. ("Kruger"), the Company's subsidiary, entered into a property option agreement (the "Agreement") with Nexus Gold Corp. ("Optionor") to acquire a 100% interest in a mineral exploration permit located in Burkina Faso, West Africa, commonly referred to as the "Rakounga Gold Project" (the "Project"). The terms of the Agreement are as follows:

- a) Completing a Qualifying Transaction by either completion of a financing transaction or a going public transaction by Kruger, on or before the date which is 12 months from the Closing date of December 13, 2019 – *Completed by Kruger pursuant to an asset purchase agreement as described in Note 10.*
- b) Making cash payments totalling \$1,000,000 as follows:
 - a. \$30,000 on the Closing Date of December 13, 2019 – *paid*
 - b. An additional \$70,000 on or before March 16, 2020 – *paid*
 - c. An additional \$150,000, on or before the date which is 24 months from the Closing Date of December 13, 2019
 - d. An additional \$250,000, on or before the date which is 36 months from the Closing Date of December 13, 2019
 - e. An additional \$500,000, on or before the date which is 48 months from the Closing Date of December 13, 2019
- c) By incurring expenditures of not less than \$1,250,000 as follows:
 - a. \$100,000 on or before the date which is 24 months from the Closing Date of December 13, 2019
 - b. An additional \$150,000 on or before the date which is 36 months from the Closing Date of December 13, 2019
 - c. An additional \$500,000 on or before the date which is 48 months from the Closing Date of December 13, 2019
 - d. An additional \$500,000 on or before the date which is 60 months from the Closing Date of December 13, 2019

Following completion of these payments and expenditures, Kruger will have a 90% interest in the Project. Kruger has the right to acquire the remaining 10% interest in the Project in consideration for a one-time cash payment of \$1,000,000.

The Optionor is subject to an underlying option agreement with an underlying owner of the Project and a royalty agreement with Sandstorm Gold Ltd. ("Sandstorm"). As a result, the Company's interest is subject to a 1% NSR payable to the underlying owner and a further 1% royalty in favour of Sandstorm.

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As at and for the periods ended April 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

5. LOANS PAYABLE

On September 17, 2020 and October 2, 2020, the Company entered into loan agreements with an arm's length third party. Pursuant to the loan agreement, the Company received a total of \$200,000. The amount is unsecured, bears an interest of 10% per annum and payable on demand to the lender. The Company repaid the loan in full on November 4, 2020.

On May 12, 2020, the Company entered into a Credit Facility Agreement ("Credit Facility") with an arms' length third party. Pursuant to the Credit Facility, the Company received advances totalling \$500,000. The Credit Facility matures on May 12, 2022 and bears interest at a rate of 10% per annum, compounded monthly.

During the six months ended April 30, 2021, the Company accrued interest expense of \$25,989 (2020 - \$Nil) in connection with the loans payable.

6. SHARE CAPITAL AND RESERVES**Authorized**

Unlimited common shares without par value

Issued

Shares issued and outstanding at April 30, 2021 are 51,070,075 (October 31, 2020 – 47,570,075).

Six months ended April 30, 2021

On November 27, 2020, the Company issued 3,500,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$150,000.

Year ended October 31, 2020

On March 27, 2020, the Company completed a forward share split as described in Note 1.

On February 4, 2020, the Company issued 3,220,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$138,000.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended April 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES, continued**Warrants**

Warrant activity for the six months ended April 30, 2021 and the year ended October 31, 2020 is presented below:

	April 30 2021		October 31 2020	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding - beginning of period	31,811,500	\$ 0.04	35,031,500	\$ 0.04
Exercised	(3,500,000)	0.04	(3,220,000)	0.04
Outstanding - end of period	28,311,500	\$ 0.04	31,811,500	\$ 0.04

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

Number of Warrants	Weighted Average Exercise Price	Expiry date	Remaining Life (years)
28,311,500	\$ 0.04	August 6, 2022	1.27
28,311,500	\$ 0.04		

Share-based Payments

Pursuant to a stock option plan (the "Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 30 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company for reasons other than death, one year after the death of an optionee or on the final anniversary of the date the option was granted which concludes the option term. Options granted under the plan may not exceed ten years and vest at the discretion of the board of directors, and shall not be exercisable at less than the price determined by policy or policies of the stock exchange(s) on which the Company's common shares are then listed. Notwithstanding the foregoing, options issued to consultants performing investor relations activities vest over 12 months with no more than 25% of the options vesting in any three-month period. Occasionally, the Company issues stock options to agents which do not fall under the plan.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended April 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES, continued**Share-based Payments**

The following table summarizes activity related to stock options:

	January 31 2021		October 31 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	-	\$ -	-	\$ -
Granted	250,000	2.00	3,150,000	0.037
Expired	(250,000)	2.00	-	-
Exercised	-	-	(3,150,000)	0.037
Outstanding - end of period	-	\$ -	-	\$ -

As at April 30, 2021, there were no share options outstanding.

During the six months ended April 30, 2021, the Company recorded share-based compensation of \$54,912 (2020 – \$Nil) related to the issuance of stock options.

The fair value assigned to the stock options granted and vested during the six months ended April 30, 2021 was estimated using the following assumptions:

Dividend yield	0%
Risk free interest rate	0.12%
Expected life	0.5 year
Expected volatility	97%
Forfeiture rate	0%

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended April 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel comprise the Company's Board of Directors and executive officers.

During the six months ended April 30, 2021 and 2020, no remuneration was paid to key management personnel other than as noted below:

	2021	2020
Consulting fees	\$ 43,500	\$ 14,700

Included in accounts payable at April 30, 2021 is \$1,283 for fees owing to directors of the Company (October 31, 2020 – \$Nil).

8. CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash and cash equivalents to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating costs over a reasonable future period. The Company accesses capital markets as necessary and may also raise additional funds where advantageous circumstances arise.

The Company currently has no externally imposed capital requirements. There was no change to the Company's approach to capital management during the period.

9. FINANCIAL INSTRUMENTS

As at April 30, 2021, the Company's financial instruments consist of cash and cash equivalents, accounts payable and loans payable.

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

ARBOR METALS CORP.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the periods ended April 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS, continued

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at April 30, 2021, cash and cash equivalents are assessed to be a Level 1 instrument and accounts payable and loans payable were assessed to be Level 3 instruments.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 is held at a large Canadian financial institution and in lawyers' trust accounts and therefore is not subject to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. As at April 30, 2021, the Company had working capital of \$154,791. This included cash and cash equivalents of \$163,355 and a GST receivable balance of \$1,281 which is sufficient to settle its current liabilities of \$10,783. Accounts payable have contractual maturities of approximately 30 to 90 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended April 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

10. ACQUISITION

On February 7, 2020, the Company entered into a share purchase agreement to purchase 100% of the outstanding shares of Kruger Gold Corp. ("Kruger") for cash consideration of \$800,000. Kruger holds the right to acquire an interest in a mineral property referred to as the "Rakounga Project" described in Note 4. The Company has determined that this transaction is an asset acquisition as the assets acquired did not constitute a business.

11. OTHER INCOME

On November 2, 2020, the Company entered into a gross revenue royalty agreement (the "Agreement") with an arm's length third party (the "Royalty Holder") to grant the Royalty Holder 5% of gross revenue earned by the Company's operations in return for a purchase price of \$1,000,000 cash. If the purchase price is not received within 30 days of the date of the Agreement, the Agreement will be terminated. As of October 31, 2020, the Company had received a non-refundable advance under this Agreement of \$73,500. As the advance was non-refundable, the Company included it as other income for the year ended October 31, 2020. In November 2020, the Company received an additional \$251,500. As these advances were non-refundable, the Company included them as other income for the six months ended April 30, 2021. As a result of not receiving the purchase price in full within 30 days of the Agreement, the Agreement was terminated.