



(formerly DJ1 Capital Corp.)

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JANUARY 31, 2022

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Tactical Resources Corp. (formerly DJ1 Capital Corp.)
Condensed Interim Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)

As at	Note(s)	January 31, 2022 \$	July 31, 2021 \$
Assets			
Current assets			
Cash		2,511,494	4,617,481
GST receivable		49,967	48,961
Prepaid expenses	3	634,164	62,212
Total current assets		3,195,625	4,728,654
Non-current assets			
Equipment		7,178	6,240
Exploration and evaluation assets	4	716,876	225,936
Total non-current assets		724,054	232,176
Total assets		3,919,679	4,960,830
Liabilities			
Accounts payable and accrued liabilities	6	178,588	283,021
Total liabilities		178,588	283,021
Equity (deficiency)			
Share capital	5	5,628,840	310,490
Reserves	5	274,078	5,338,148
Deficit		(2,161,827)	(970,829)
Total Equity (deficiency)		3,741,091	4,677,809
Total liabilities and Equity (deficiency)		3,919,679	4,960,830

Going concern (Note 1)

Commitments (Note 10)

Subsequent events (Notes 1, 5)

Approved on behalf of the Board of Directors on March 24, 2022:

"Ranjeet Sundher" (signed)
Director

"Matt Chatterton" (signed)
Director

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

Tactical Resources Corp. (formerly DJ1 Capital Corp.)
Condensed Statements of Changes in Equity (Deficiency) (unaudited)
(Expressed in Canadian Dollars)

		For the three months ended		For the six months ended	
	Note	January 31, 2022	January 31, 2021	January 31, 2022	January 31, 2021
		\$	\$	\$	\$
Expenses					
Consulting fees	6	196,975	-	400,806	-
Depreciation		325	-	1,277	-
Foreign exchange (gain) loss		1,508	-	7,630	-
General and administrative		69,501	4,495	143,364	5,806
Investor relations		116,827	-	346,161	-
Listing and filing fees		4,586	-	34,753	-
Professional fees	6	126,695	15,719	233,562	25,283
Travel		17,207	-	23,445	-
Total loss and comprehensive loss for the period		533,624	20,214	1,190,998	31,089
Basic and diluted loss for the period attributable to common shareholders		(0.03)	(0.00)	(0.06)	(0.00)
Weighted average number of common shares outstanding		21,170,500	13,976,503	19,730,978	14,150,000

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

Tactical Resources Corp. (formerly DJ1 Capital Corp.)
Condensed Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

	Share capital		Reserves	Deficit	Total
	Number of shares	Amount			
		\$	\$	\$	\$
Balance at July 31, 2021	14,357,500	310,490	5,338,148	(970,829)	4,677,809
Fair value of common shares issued on conversion of special warrants (note 5)	5,713,000	5,063,850	(5,063,850)	-	-
Shares issued for exploration and evaluation assets (notes 4 and 5)	1,100,000	254,500	-	-	254,500
Cancellation of warrants (note 5)	-	-	(220)	-	(220)
Loss and comprehensive loss	-	-	-	(1,190,998)	(1,190,998)
Balance at January 31, 2022	21,170,500	5,628,840	274,078	(2,161,827)	3,741,091
Balance at July 31, 2020	1	1	16,750	(19,507)	(2,756)
Shares cancelled	(1)	-	-	-	-
Private placement of units	13,800,000	164,455	111,545	-	276,000
Finders' fee	200,000	2,400	-	-	2,400
Special warrants	-	-	10,750	-	10,750
Property payment	150,000	1,800	-	-	1,800
Loss and comprehensive loss	-	-	-	(31,089)	(31,089)
Balance at January 31, 2021	14,150,000	168,656	139,045	(50,596)	257,105

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

Tactical Resources Corp.
(formerly DJ1 Capital Corp.)
Statement of Cash Flows
(Expressed in Canadian dollars)

	For the six months ended	
	January 31, 2022	January 31, 2021
	\$	\$
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the period	(1,190,998)	(31,089)
Adjustments for items not affecting cash:		
Depreciation	1,277	-
Net changes in non-cash working capital items:		
GST receivable	(1,006)	(3,674)
Prepaid expenses	(571,952)	-
Accounts payable and accrued liabilities	(104,433)	9,472
Net cash used in operating activities	(1,867,112)	(25,291)
INVESTING ACTIVITIES		
Purchase of equipment	(2,215)	-
Option payments on exploration and evaluation assets (note 4)	(20,000)	(50,000)
Exploration costs on exploration and evaluation assets (note 4)	(216,440)	(60,000)
Net cash used in investing activities	(238,655)	(110,000)
FINANCING ACTIVITIES		
Proceeds from share issuance	-	276,000
Proceeds on issuance of warrants	-	-
Proceeds from issuance of special warrants	-	10,750
Cash paid for cancellation of warrants (note 5)	(220)	-
Net cash provided by financing activities	(220)	286,750
Net change in cash	(2,105,987)	151,459
Cash, beginning of period	4,617,481	16,607
Cash, end of period	2,511,494	168,066
SUPPLEMENTAL CASH FLOW INFORMATION		
Shares issued for exploration and evaluation assets (notes 4 and 5)	254,500	-
Shares issued for conversion of special warrants (note 5)	5,063,850	-
Cash paid during the period for interest	-	-
Cash paid during the period for income taxes	-	-

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

Tactical Resources Corp. (formerly DJ1 Capital Corp.)
Notes to the Condensed Interim Financial Statements (unaudited)
For the Six Months Ended January 31, 2022
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Tactical Resources Corp. (formerly DJ1 Capital Corp.) (the “Company”) was incorporated under the Business Corporations Act of British Columbia on June 25, 2018 as DJ1 Capital Corp. On March 25, 2021, the Company changed its name to Tactical Resources Corp. The principal business of the Company is the identification and evaluation of a transaction for a future listing on a stock exchange. The Company’s registered and records office address is located at Suite 2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8.

On March 14, 2022 (the “Listing Date”), the Company listed on the Canadian Securities Exchange (the “CSE”) under the symbol “RARE”.

Going concern

As of January 31, 2022, the Company has not generated revenue from operations, has an accumulated deficit of \$2,161,827 (July 31, 2021 – \$970,829) and expects to incur further losses in the exploration and evaluation of its mineral properties. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company’s ability to obtain adequate financing to develop the reserves, and its ability to generate revenues and cash flows from profitable operations in the future. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The junior mining industry is considered speculative in nature which could make the Company more difficult to fund.

The unaudited condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

COVID-19

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

2. BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended July 31, 2021.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on March 24, 2022.

Recent Accounting Pronouncements

The Company has not identified any new accounting pronouncements that are likely to have a material impact on these unaudited condensed interim financial statements.

New Accounting Standards and Interpretations

There were no recently adopted accounting standards with a material impact to the financial statements during the six months ended January 31, 2022.

3. PREPAID EXPENSES

Prepaid expenses consist of amounts paid in advance for services which will be amortized over the term of the contract.

During the year ended July 31, 2021, the Company entered into an arms-length agreement with a company for marketing services. The Company paid \$628,412 (US\$500,000) in consideration for the marketing services. These amounts were initially classified as prepaid expenses and will be expensed when the services are provided. As of January 31, 2022, \$628,412 remains in prepaid expenses as vendor deposits.

Tactical Resources Corp. (formerly DJ1 Capital Corp.)
Notes to the Condensed Interim Financial Statements (unaudited)
For the Six Months Ended January 31, 2022
(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

	SAM Property	Lac Ducharme Property	Sierra Blanca Quarry Project	Total
	\$	\$	\$	\$
Balance as at July 31 2021	164,881	61,055	-	225,936
Exploration and evaluation costs incurred during the six months ended January 31, 2022:				
Property payments:				
Cash	20,000	-	-	20,000
Shares (note 5)	44,500	-	200,000	244,500
Exploration costs	100,628	43,860	71,952	216,440
Finders' fee (note 5)	-	-	10,000	10,000
Balance as at January 31, 2022	330,009	104,915	281,952	716,876

(a) SAM Property

On August 26, 2020, and as amended on December 30, 2020 and June 21, 2021, the Company entered into a property option agreement (the "Taiga Agreement") with Taiga Gold Corp. (CSE:TGC) ("Taiga"). Taiga holds a 100% interest in a series of mineral claims located in the Amisk Lake region of the Province of Saskatchewan (the "SAM Property"). Pursuant to the Taiga Agreement, the Company has an option to earn 60% interest in the SAM Property (the "SAM Option"), subject to a 2% net smelter returns royalty ("NSR"). The Company has the right, at any time prior to commencing commercial production from the SAM Property, to reduce the NSR from 2% to 1% in consideration for a one-time payment to Taiga of \$1,000,000.

In order to exercise the SAM Option, the Company is required to list its shares on any Canadian stock exchange (the "Going Public Transaction"), make cash and share payments to Taiga, and incur property expenditures as follows:

- Cash payment of \$10,000 (paid) upon entering a letter of intent with Taiga;
- Cash payment of \$20,000 (paid) upon the execution of the Agreement;
- Cash payment of \$20,000 (paid), and the issuance of 150,000 common shares of the Company (issued with a fair value of \$30,000) upon completing the Going Public Transaction, or on December 24, 2020, whichever is earlier;
- Cash payment of \$20,000 (paid) and the issuance of 50,000 common shares of the Company (issued with fair value of \$44,500) and incurring \$100,000 in expenditures on the SAM Property (incurred) on or before September 30, 2021;
- Issuance of 200,000 shares of the Company by the earlier of first anniversary of the Going Public Transaction or March 31, 2022;

4. EXPLORATION AND EVALUATION ASSETS (continued)

(a) SAM Property (continued)

- Cash payment of \$60,000, issuance of an additional 200,000 common of the Company and incurring a further \$600,000 in expenditures on the SAM Property by the earlier of the eighteen-month anniversary of the Going Public Transaction or September 30, 2022;
- Cash payment of \$100,000, issuance of an additional 200,000 common shares of the Company and incurring a further \$800,000 in expenditures on the SAM Property by the earlier of the thirty-month anniversary of the Going Public Transaction or September 30, 2023;
- Cash payment of \$270,000 (or issuing the equivalent value in shares at the election of Taiga, issuance of an additional 200,000 common shares of the Company and incurring a further \$1,000,000 in expenditures on the SAM Property by the earlier of the forty-two-month anniversary of the Going Public Transaction or September 30, 2024; and
- Incurring a further \$1,500,000 in expenditures on the SAM Property by the earlier of the fifty-four-month anniversary of the Going Public Transaction or September 30, 2025.

In executing the Taiga Agreement, during the year ended July 31, 2021, the Company issued 200,000 common shares with a fair value of \$3,400 for finders' fees, which have been capitalized to exploration and evaluation assets.

(b) Lac Ducharme Project

On March 1, 2021 (the "Effective Date"), the Company entered into a property option agreement (the "DIG Agreement") with Doctors Investment Group Ltd. ("DIG") which 100% owned the Lac Ducharme Project (the "Lac Ducharme Project"). Pursuant to the DIG Agreement, the Company has an option to earn 100% interest in the Lac Ducharme Project (the LDP Option"), subject to a 3% NSR. The Lac Ducharme Project is located in Quebec, Canada.

To exercise the LDP Option, the Company is required to make cash and share payments to DIG, and incur property expenditures as follows:

- On or before the date that is seven days after the Effective Date:
 - Make cash payment of \$30,000 (paid); and
 - Issue 60,000 shares of the Company (issued with fair value of \$12,000).
- On or before the date that is fourteen months after the Effective Date:
 - Make cash payment of \$30,000;
 - Issue 100,000 shares of the Company; and
 - Incur \$250,000 of expenditures on the Lac Ducharme Project.
- On or before the date that is twenty-eight months after the Effective Date:
 - Issue 350,000 shares of the Company; and
 - Incur \$500,000 of expenditures on the Lac Ducharme Project.

At any time during the term of the DIG Agreement, the Company shall have the right to accelerate the cash payments, share issuances or expenditures.

The Company shall have the right to purchase one-third of the NSR from DIG at any time after the LDP Option has been exercised for a one-time consideration of \$1,000,000.

In executing the DIG Agreement, during the year ended July 31, 2021, the Company issued 10,000 common shares with a fair value of \$2,000 for finders' fees, which have been capitalized to exploration and evaluation assets.

4. EXPLORATION AND EVALUATION ASSETS (continued)

(c) Sierra Blanca Quarry Project

On July 14, 2021, the Company entered into an assignment and assumption agreement (the "Assignment Agreement") with Peak 6891 LLC ("Peak"). Peak is party to an agreement dated June 1, 2021 with Sierra Blanca Quarry, LLC ("SBQ LLC"), Dennis Walker and Becky Dean Walker (the "Offtake Agreement"), pursuant to which Peak was granted the rights to acquire certain crushed ore and tailings materials extracted from the Sierra Blanca Quarry, located in Hudspeth County in the State of Texas. Pursuant to the Assignment Agreement, on August 11, 2021, (the "Closing Date"), Peak assigned all of its rights and obligations under the Offtake Agreement to the Company.

In consideration for the Assignment Agreement, on the Closing Date, the Company issued 1,000,000 common shares (the "Consideration Shares") with a fair value of \$200,000.

As further consideration for the Assignment Agreement, following the Closing Date, Peak became entitled to receive the following additional payments which will be satisfied through the issuance of common shares of the Company (collectively, the "Milestone Shares"):

- a) \$250,000 upon receipt by the Company or any affiliate of a building permit and completion of construction bid set, including applicable specifications for construction, execution, operation and commercial production, for a facility (a "Processing Facility") to process material acquired by the Company pursuant to the Offtake Agreement, or any successor agreement;
- b) \$156,250 for each US\$2,000,000 of government grants received by the Company or any affiliate, in connection with the development and operation of the Processing Facility, to a maximum of \$1,171,875 provided that the final payment will be reduced in the event the maximum threshold has been reached;
- c) \$50,000 for each US\$2,000,000 of government loan guarantees received by the Company or any affiliate, in connection with the development and operation of the Processing Facility, to a maximum of \$625,000, provided that the final payment will be reduced in the event the maximum threshold has been reached;
- d) \$500,000 upon the Company or any affiliate reaching a decision to commence commercial production of HREE oxides or other refined metals at the Processing Facility; and
- e) \$250,000 upon the Company or any affiliate entering into a binding agreement to acquire commercial offtake material produced by the Processing Facility.

On July 14, 2021, in connection with the Assignment Agreement, the Company entered into an agreement ("Finders' Fee Agreement") with Oasis SB Inc. ("Oasis" or the "Finder"). Oasis introduced the transaction contemplated by the Assignment Agreement and assisted the Company in facilitating the transaction. In consideration of the Finders' services, the Company has agreed to pay the Finder a fee (the "Oasis Finders' Fee") consisting of 50,000 common shares of the Company (the "Oasis Finders' Shares"). The Oasis Finders' Shares were issued during the six months ended January 31, 2022 with a fair value of \$10,000, which have been capitalized to exploration and evaluation assets.

The Consideration Shares issued are subject to an escrow arrangement such that (a) 200,000 of the Consideration Shares shall be subject to restrictions or resale until the date which is twelve (12) months from the Closing Date; (b) a further 200,000 of the Consideration Shares shall be subject to restrictions on resale until the date which is fifteen (15) months from the Closing Date; (c) a further 200,000 of the Consideration Shares shall be subject to restrictions on resale until the date which is eighteen (18) months from the Closing Date; (d) a further 200,000 of the Consideration Shares shall be subject to restrictions on resale until the date which is twenty-one (21) months from the Closing Date; and (e) a further 200,000 of the Consideration Shares shall be subject to restrictions on resale until the date which is twenty-four (24) months from the Closing Date.

4. EXPLORATION AND EVALUATION ASSETS (continued)

(c) Sierra Blanca Quarry Project (continued)

The 50,000 common shares issued as a Finder's Fee in connection with the Assignment Agreement are subject to an escrow arrangement such that all 50,000 Common Shares shall be subject to restrictions on resale until the date that is six (6) months from the date that the Company's common shares become listed on a Canadian stock exchange.

During the year ended July 31, 2021, the Company incurred \$27,781 in property investigation costs related to expenses incurred prior to the Assignment Agreement.

On July 30, 2021, the Company and SBQ LLC agreed to terminate the Offtake Agreement and entered into a purchase and sale agreement ("SBQ Agreement") to replace the Offtake Agreement. SBQ LLC owns and operates a surface metal mine that specializes in rhyolite, granite and other similar igneous rock, that is located in Sierra Blanca, Texas (the "Mine").

SBQ LLC generates waste that contain Rare Earth Elements and has a stockpile located on the Surface Area that contains a minimum of 4 million tons of tailings (the "Tailings"). SBQ LLC has agreed to sell to the Company, the Tailings, in amounts selected by SBQ LLC, in its sole discretion, all on and subject to the terms and conditions of the SBQ Agreement.

Delivery Schedule

- (i) A maximum of 45 days after commercial production decision and before November 30 of each calendar year, SBQ LLC shall advise the Company of the amount of Tailings that shall be available for purchase. The Company also has the option to purchase additional Tailings mined from the premises as and when the same become available on the same terms and conditions as set forth in the SBQ Agreement.
- (ii) A maximum of 15 days after the date set forth in Delivery Schedule (i) above, the Company shall advise SBQ LLC of the amount of Tailings the Company shall purchase for the remainder of the calendar year, or the upcoming calendar year, subject to the following maximum amounts:
 - 600,000 tons in Calendar Year 2021,
 - 1,300,000 tons in Calendar Year 2022,
 - 1,300,000 tons in Calendar Year 2023, and
 - 1,300,000 tons in Calendar Year 2024.

5. EQUITY

(a) Share Capital

Authorized

Unlimited number of common shares without par value.

Issued

- On August 11, 2021, the Company issued the Consideration Shares and the Oasis Finders' Shares with fair value of \$200,000 and \$10,000, respectively, pursuant to the Assignment Agreement of the Sierra Blanca Quarry Project (note 4).
- On September 14, 2021, the Company issued 5,713,000 units upon exercise of the special warrants which were issued on May 13, 2021. The Company reclassified the proceeds of \$5,287,745, net of issuance costs of \$425,255, from reserves to share capital.

Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of \$2.50 at any time prior to September 14, 2023.

For accounting purposes, the Company estimated the grant date fair value of warrants issued with the exercise of the special warrants, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.39%, an expected life of 2 years, an expected volatility of 111% and an expected dividend yield of 0%, which totaled \$223,895, and recorded this value in warrants reserve. Volatility is calculated based on the volatility of companies of similar size in the junior mining sector. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of \$5,063,850 was recorded as common shares.

- On September 30, 2021, the Company issued 50,000 common shares with fair value of \$44,500 pursuant to the Taiga Agreement (note 4).

(b) Special Warrants

On September 14, 2021, the Company issued 5,713,000 common shares upon exercise of the special warrants which were issued on May 13, 2021.

Tactical Resources Corp. (formerly DJ1 Capital Corp.)
Notes to the Condensed Interim Financial Statements (unaudited)
For the Six Months Ended January 31, 2022
(Expressed in Canadian dollars)

5. EQUITY (continued)

(c) Warrants

The following table summarizes the changes in warrants outstanding during the six months ended January 31, 2022:

	Number of warrants	Weighted average exercise price \$
Outstanding, July 31, 2021	23,791,970	0.14
Issued	2,856,500	2.50
Cancelled	(9,991,970)	0.20
Re-issued	9,772,020	0.25
Outstanding, January 31, 2022	26,428,520	0.41

On November 30, 2021, the Company cancelled 219,950 warrants of the 9,991,970 warrants issued on April 16, 2021 and refunded the proceeds of \$220 to the warrant holders; these warrants were issued to related parties. In addition, the Company revised the exercise price of the remaining warrants (9,772,020 warrants) from \$0.20 to \$0.25 and revised the expiry date to October 27, 2022.

As at January 31, 2022, the following share purchase warrants were outstanding:

Numbers of warrants	Exercise price \$	Expiry date	Weighted average remaining contractual life (in years)
13,800,000	0.10	August 3, 2022	0.51
9,772,020	0.25	October 27, 2022	0.74
2,856,500	2.50	September 14, 2023	1.62
26,428,520			

(d) Options

In connection with the Company's listing on the CSE, management has adopted a rolling 10% stock option plan (the "Plan") in order to enable officers, directors, employees and consultants of the Company to participate in the growth of the Company and thereby provide effective incentives for such individuals.

On March 15, 2022, the Company granted a total of 1,900,000 incentive stock options to certain officers, directors and consultants of the Company in accordance with the Plan. The options vest immediately and are exercisable at a price of \$1.04 for a period of twenty-four months.

Tactical Resources Corp. (formerly DJ1 Capital Corp.)
Notes to the Condensed Interim Financial Statements (unaudited)
For the Six Months Ended January 31, 2022
(Expressed in Canadian dollars)

5. EQUITY (continued)

(e) Escrow Agreement

The following table sets out the securities of the Company upon listing that will be subject to escrow or a contractual restriction on transfer:

Designation of Class	Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer
Common Shares ⁽¹⁾	1,460,000
Warrants ⁽²⁾	23,585,320
Options	nil

Notes:

(1) Based on 21,170,501 common shares outstanding.

(2) Based on 26,441,820 warrants, 327,315 agent's options and 13,470 advisory warrants outstanding.

Securities held by principals, being 410,000 common shares and 405 warrants, of the Company are subject to a 36-month escrow agreement with Odyssey Trust Company. The escrow agreement provide that the escrowed securities will be released from escrow in equal blocks of 15% at six-month intervals over the 36 months following the listing of the Company, with 10% being released on the date of listing.

The Company's \$0.10 warrants that were granted as part of the Company's \$0.02 unit financing on August 3, 2020, and any common shares issued on their exercise, are subject to an escrow arrangement for a period of four-months from the date of listing, with 20% of the securities released from escrow on listing and an additional 20% every month thereafter.

The Company's \$0.25 warrants issued on April 16, 2021 are subject to an escrow arrangement for a period of twelve months from the date of listing, during which time the \$0.25 warrants, and any common shares issued upon the exercise of the \$0.25 warrants, may not be traded, transferred, assigned or otherwise encumbered without the prior consent of the Exchange.

The Consideration Shares issued pursuant to the Assignment Agreement between the Company and Peak dated July 14, 2021 are subject to an escrow arrangement such that (a) 200,000 of the Consideration Shares shall be subject to restrictions or resale until the date which is twelve (12) months from the August 11, 2021 (the "Closing Date"); (b) a further 200,000 of the Consideration Shares shall be subject to restrictions on resale until the date which is fifteen (15) months from the Closing Date; (c) a further 200,000 of the Consideration Shares shall be subject to restrictions on resale until the date which is eighteen (18) months from the Closing Date; (d) a further 200,000 of the Consideration Shares shall be subject to restrictions on resale until the date which is twenty-one (21) months from the Closing Date; and (e) a further 200,000 of the Consideration Shares shall be subject to restrictions on resale until the date which is twenty-four (24) months from the Closing Date.

The 50,000 common shares issued as a finder's fee in connection with the Assignment Agreement on July 14, 2021 are subject to an escrow arrangement such that all 50,000 Common Shares shall be subject to restrictions on resale until the date that is six (6) months from the date that the Company's common shares become listed on a Canadian stock exchange.

Tactical Resources Corp. (formerly DJ1 Capital Corp.)
Notes to the Condensed Interim Financial Statements (unaudited)
For the Six Months Ended January 31, 2022
(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

The Company's related parties as defined by IAS 24, Related Party Disclosures, include the following directors, executive officers, key management personnel, and enterprises which are controlled by these individuals:

Related Party	Relationship
Ranjeet Sundher	CEO and Director
Alnesh Mohan	CFO
Matt Chatterton	Director
Jeet Basi	Director
Abhishek Tamot	Director
1323552 BC Ltd.	A company in which the CEO is a principal
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
SVK Metrix Inc.	A company in which a director is a principal
Pine Tree Partners Inc.	A company in which a director is a principal
Yana Popova	Former CFO and Director
1143373 BC Ltd.	A company in which the former CFO is a principal

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, who were paid compensation as follows:

During the six months ended January 31, 2022, the Company paid consulting fees of \$60,000 (January 31, 2021 - \$nil) to the Chief Executive Officer and Director of the Company.

During the six months ended January 31, 2022, the Company paid professional fees of \$61,620 (January 31, 2021 - \$nil) to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer.

During the six months ended January 31, 2022, the Company paid consulting fees of \$56,400 (January 31, 2021 - \$60,000 ⁽¹⁾) to SVK Metrix Inc, a company in which a director is a principal.

During the six months ended January 31, 2022, the Company paid consulting fees of \$30,000 (January 31, 2021 - \$nil) to Pine Tree Partners, a company in which a director is a principal.

(1) These fees have been capitalized to the Property as they relate to engineering and consulting expenses on the SAM Property

Related party balances

The balances due to the Company's directors and officers included in accounts payable and accrued liabilities were \$33,650 as at January 31, 2022 (July 31, 2021 - \$69,115). These amounts are unsecured, non-interest bearing and payable on demand.

7. SEGMENTED INFORMATION

The Company operates in one single reportable segment, being the acquisition and exploration of mineral resource properties.

As of January 31, 2022 and July 31, 2021, all of the Company's non-current assets are located in Canada.

8. CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

There have been no changes to the Company's approach to capital management at any time during the six months ended January 31, 2022. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

The fair value of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Accounts payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments and other financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk, and maturities.

Tactical Resources Corp. (formerly DJ1 Capital Corp.)
Notes to the Condensed Interim Financial Statements (unaudited)
For the Six Months Ended January 31, 2022
(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair value hierarchy

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"), amortized cost and fair value through other comprehensive income ("FVTOCI").

Set out below are the Company's financial assets and liabilities by category:

As at January 31, 2022

	FVTPL	Amortized cost	FVTOCI
	\$	\$	\$
Financial assets:			
Cash	2,511,494	-	-
Financial liabilities:			
Accounts payable	-	178,588	-

As at July 31, 2021

	FVTPL	Amortized cost	FVTOCI
	\$	\$	\$
Financial assets:			
Cash	4,617,481	-	-
Financial liabilities:			
Accounts payable	-	283,021	-

The carrying values of accounts payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

IFRS 13 establishes a fair value hierarchy that reflects the significant of inputs used in making fair value measurements as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted 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); and

Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair value hierarchy (continued)

As at January 31, 2022 and July 31, 2021, the financial instrument recorded at fair value on the statements of financial position is cash which is measured using Level 1 of the fair value hierarchy. As at January 31, 2022 and July 31, 2021, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

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 exposure to credit risk includes cash.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash based in Canada are accessible.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

At January 31, 2022, the Company had cash of \$2,511,494 and accounts payable and accrued liabilities of \$178,588. All accounts payable and accrued liabilities are current.

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As of January 31, 2022, the Company's cash is placed in an interest-free account at a Canadian chartered bank and does not hold any variance interest-bearing debt; as a result, the Company is not subject to any risks due to the fluctuation of the interest rate.

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

Foreign currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CA\$"). The Company has not entered into any foreign currency contracts to mitigate the risk.

The Company's accounts payable and accrued liabilities are held in CA\$ and United States dollars ("US"); therefore, US accounts are subject to fluctuation against the CA\$.

The Company's financial instruments were denominated as follows as at January 31, 2022:

	CA\$	US\$
Accounts payable and accrued liabilities	170,926	6,020
Rate to convert to \$1.00 CAD	1.00000	1.27276
Equivalent to CAD	170,926	7,662

Based on the above net exposures as at January 31, 2022, and assuming that all other variables remain constant, a 10% change of the CA\$ against the US would change profit or loss by approximately \$800.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.

10. COMMITMENTS

The Company is committed to certain cash payments and share issuances under the property option agreements as described in Note 4.