CMC METALS LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

CMC METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	As at March 31, 2021 (Unaudited)	As at September 30, 2020 (Audited)
ASSETS			
Current assets			
Cash		$ 827,260	$ 300,610
Receivables	4, 7	15,024	105,421
Prepaids and deposit		489	30,508
		842,773	436,539
Non-current assets			
Exploration and evaluation assets	4	81,900	-
Reclamation bond	3	243,438	258,228
		325,338	258,228
TOTAL ASSETS		$ 1,168,111	$ 694,767
LIABILITIES			
Current liabilities			
Trade payables		$ 121,458	$ 228,739
Due to related parties	11	18,723	61,604
Preferred shares	8	500,000	500,000
Provision for restoration and environmental obligation	9, 13	146,070	146,070
		786,251	936,413
Non-current liabilities			
Loan - non-current	7	22,780	21,065
TOTAL LIABILITIES		809,031	957,478
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	10	21,869,334	20,654,620
Subscriptions received in advance	10	-	2,500
Share-based payment reserve	10	841,866	611,437
Deficit		(22,352,120)	(21,531,268)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		359,080	(262,711)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		$ 1,168,111	$ 694,767

Nature and continuance of operations - Note 1
Commitments - Note 4 and 15
Subsequent events - Note 16

Approved on behalf of the Board:

"Kevin Brewer"
Kevin Brewer - President/CEO

"Morgan Pickering"
Morgan Pickering - Chief Financial Officer

See accompanying notes to the condensed consolidated interim financial statements.

CMC METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(Unaudited)

	Note	For the three months ended March 31, 2021	For the three months ended March 31, 2020	For the six months ended March 31, 2021	For the six months ended March 31, 2020
EXPENSES					
Amortization		$ -	$ 908	$ -	$ 2,330
Consulting fees	11	27,032	20,323	54,622	41,415
Exploration and evaluation expenditures	4, 11	115,852	60,720	288,426	306,650
Filing and transfer agent		24,308	9,050	36,538	10,552
Flow-through share related tax		-	1,135	-	1,135
Insurance		10,411	-	10,411	-
Interest expense	7	850	-	1,715	-
Management fees	11	1,399	-	1,399	-
Marketing	15	74,850	-	78,424	-
Office and miscellaneous	11	19,315	18,342	44,277	35,559
Professional fees		57,226	29,611	60,427	29,611
Rent	11	4,500	4,500	9,000	9,000
Stock-based compensation	10, 11	283,649	-	283,649	-
Travel		4,503	2,634	8,558	5,480
		(623,895)	(147,223)	(877,446)	(441,732)
OTHER ITEMS					
Financing fees	11	(6,573)	(1,461)	(6,573)	(1,461)
Other income (loss)	5	75,000	-	75,000	76
Gain (loss) on foreign exchange		(2,969)	32,119	(11,833)	108,604
Gain on marketable securities		-	-	-	393
		65,458	30,658	56,594	107,612
NET AND COMPREHENSIVE LOSS FOR THE PERIOD		$ (558,437)	$ (116,565)	$ (820,852)	$ (334,120)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED		76,976,505	44,794,010	72,208,440	44,794,010
NET LOSS PER SHARE - BASIC AND DILUTED		$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)

See accompanying notes to the condensed consolidated interim financial statements.

CMC METALS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian dollars)

(Unaudited)

	Notes	Share capital Number of shares	Amount	Subscriptions received in advance	Share-based payment reserve	Deficit	Total
Balance at September 30, 2019		33,550,055	$ 19,220,318	$ -	$ 300,972	$ (20,893,639)	$ (1,372,349)
Comprehensive loss:							
Net loss for the period		-	-	-	-	(334,120)	(334,120)
Total comprehensive loss for the period		-	-	-	-	(334,120)	(334,120)
Transactions with owners, in their capacity as owners, and other transfers:							
Share issuance for settlement of debts	7, 10	15,588,210	779,411	-	-	311,764	1,091,175
Total transactions with owners and other transfers		15,588,210	779,411	-	-	311,764	1,091,175
Balance at March 31, 2020		49,138,265	$ 19,999,729	$ -	$ 300,972	$ (20,915,995)	$ (615,294)
Comprehensive Loss:							
Net loss for the period		-	-	-	-	(615,273)	(615,273)
Total comprehensive loss for the period		-	-	-	-	(615,273)	(615,273)
Transactions with owners, in their capacity as owners, and other transfers:							
Share issuances for cash	10	17,207,120	965,356	-	-	-	965,356
Subscriptions received in advance	10	-	-	2,500	-	-	2,500
Fair value allocated to warrants	10	-	(410,355)	-	410,355	-	-
Reallocation on exercise of warrants	10	-	99,890	-	(99,890)	-	-
Total transactions with owners and other transfers		17,207,120	654,891	2,500	310,465	-	967,856
Balance at September 30, 2020		66,345,385	$ 20,654,620	$ 2,500	$ 611,437	$ (21,531,268)	$ (262,711)
Comprehensive Loss:							
Net loss for the period		-	-	-	-	(820,852)	(820,852)
Total comprehensive loss for the period		-	-	-	-	(820,852)	(820,852)
Transactions with owners, in their capacity as owners, and other transfers:							
Share issuances for cash	10	13,055,380	1,120,894	(2,500)	-	-	1,118,394
Share issuances for exploration and evaluation assets	4, 10	320,000	45,900	-	-	-	45,900
Share issuance costs	10	-	(5,300)	-	-	-	(5,300)
Stock-based compensation	10	-	-	-	283,649	-	283,649
Fair value allocated to warrants	10	-	(251,329)	-	251,329	-	-
Reallocation on exercise of warrants	10	-	304,549	-	(304,549)	-	-
Total transactions with owners and other transfers		13,375,380	1,214,714	(2,500)	230,429	-	1,442,643
Balance at March 31, 2021		79,720,765	$ 21,869,334	$ -	$ 841,866	$ (22,352,120)	$ 359,080

See accompanying notes to the condensed consolidated interim financial statements.

CMC METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(Unaudited)

	For six months ended March 31, 2021	For six months ended March 31, 2020
Operating activities		
Net loss for the period	$ (820,852)	$ (334,120)
Adjustments for non-cash items:		
Amortization	-	2,330
Accrued interest on loans	1,715	-
Stock-based compensation	283,649	-
Changes in non-cash working capital items:		
Receivables	90,397	4,884
Prepaids and deposit	30,019	24,108
Trade payables	(107,281)	45,933
Due to related parties	(42,881)	(58,268)
Net cash used in operating activities	(565,234)	(315,133)
Investing activity		
Exploration and evaluation assets	(36,000)	-
Net cash flows used in investing activity	(36,000)	-
Financing activities		
Proceeds on issuance of common shares	1,118,394	-
Share issuance costs	(5,300)	-
Net cash provided by financing activities	1,113,094	-
Effect of foreign exchange	14,790	(19,073)
Change in cash	526,650	(334,206)
Cash, beginning	300,610	344,635
Cash, ending	$ 827,260	$ 10,429

Supplemental disclosure with respect to cash flows - Note 14

See accompanying notes to the condensed consolidated interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

CMC Metals Ltd. (the "Company") is incorporated in the Province of British Columbia and its principal activity is the acquisition and exploration of mineral properties in Canada and the United States of America. The Company is listed on the TSX Venture Exchange ("TSX-V").

The head office, principal address and records office of the Company are located at 605 – 369 Terminal Avenue, Vancouver, British Columbia, Canada, V6A 4C4.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries 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. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As of March 31, 2021, the Company had not advanced its properties to commercial production. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These uncertainties indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors, by continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs.

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. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on its business, results of operations, financial position and cash flows in the future.

The financial statements were authorized for issue on May 27, 2021 by the directors of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

The condensed consolidated 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 issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by the IFRIC and should be read in conjunction with the audited consolidated financial statements as at September 30, 2020.

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 0877887 B.C. Ltd. ("0877887 B.C."), incorporated under the Business Corporations Act of British Columbia and

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Basis of consolidation (cont'd)

CMC Metals Corp. which is incorporated in the State of California and is inactive.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Change in accounting policy

Exploration and evaluation assets

Upon adoption of IFRS and in accordance with IFRS 6, the Company's accounting policy for exploration and evaluation assets was as follows -

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

During the six-month period ended March 31, 2021, the Company performed a comprehensive review of its accounting policy for exploration and evaluation assets. The Company made a voluntary change in accounting policy, on the basis of more relevant and reliable information about the Company's principal activity of the acquisition and exploration of mineral properties, as follows -

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All direct costs related to the acquisition of exploration and evaluation asset interests are capitalized as intangible assets. Costs related to exploration expenditures are charged to profit and loss as incurred. When a decision to proceed with development is made, costs related to exploration expenditures subsequently incurred to develop a mine prior to the start of mining operations are capitalized and carried at cost. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

The Company retroactively applied the change in accounting policy with no net effect, as all previously held exploration and evaluation assets had been impaired.

Recent accounting pronouncements

IFRS 16 *Leases* requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are "capitalized" by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. This standard was effective for reporting periods beginning on or after January 1, 2019. The Company does not have any leases.

There are no other standards, amendments to standards and interpretations that are expected to have a material impact on the Company.

3. RECLAMATION BOND

The Company has a reclamation bond held in trust by the Bureau of Land Management. As of March 31, 2021, the reclamation bond consists of a deposit of $243,438 (September 30, 2020 - $258,228) made by the Company for indemnification of site restoration of the Company's Bishop Mill Property (Note 4).

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

	Silver Hart Property	Bishop Mill Property	Blue Heaven Property	Bridal Veil Property	Rancheria Property	Amy/Silverknife Property	Terra Nova Property	Total
Exploration and evaluation assets								
Balance, September 30, 2019 and 2020	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Costs incurred during the period:								
Acquisition costs	-	-	-	30,400	12,000	34,500	5,000	81,900
Balance - March 31, 2021	$ -	$ -	$ -	$ 30,400	$ 12,000	$ 34,500	$ 5,000	$ 81,900
Exploration and evaluation expenditures								
Balance - September 30, 2019	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Costs incurred during the year:								
Assaying	25,715	-	7,500	-	-	-	-	33,215
Clean up costs	-	78,545	-	-	-	-	-	78,545
Contractors (Note 11)	435,295	-	-	-	-	-	-	435,295
Drilling	(44,865)	-	-	-	-	-	-	(44,865)
Field office	44,947	-	-	-	-	-	-	44,947
Road construction and exploration trenching	127,358	-	-	-	-	-	-	127,358
Transportation and supplies	40,167	-	-	-	-	-	-	40,167
Travel expenses	5,616	-	-	-	-	-	-	5,616
	634,233	78,545	7,500	-	-	-	-	720,278
Government credit	(40,000)	-	-	-	-	-	-	(40,000)
Government loan (Note 7)	(20,521)	-	-	-	-	-	-	(20,521)
Balance - September 30, 2020	$ 573,712	$ 78,545	$ 7,500	$ -	$ -	$ -	$ -	659,757
Costs incurred during the period:								
Contractors (Note 11)	76,327	-	785	8,305	3,881	4,077	1,092	94,467
Clean up costs	-	49,904	-	-	-	-	-	49,904
Drilling	15,000	-	-	-	-	-	-	15,000
Field office	2,502	-	-	-	-	-	-	2,502
Geological	24,218	-	-	4,131	-	-	2,036	30,385
Geophysical	23,959	-	23,959	-	27,853	20,064	-	95,835
Travel expenses	-	-	-	333	-	-	-	333
Balance - March 31, 2021	$ 142,006	$ 49,904	$ 24,744	$ 12,769	$ 31,734	$ 24,141	$ 3,128	$ 288,426

4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (cont'd)

Silver Hart Property

On February 21, 2005, the Company acquired a 100% interest in certain claims comprising the Silver Hart Property located in the Watson Lake Mining District, Yukon Territories from an individual who subsequently became a director and officer of the Company for a total of $995,000. The Company's remaining and additional obligation for the consideration was settled by the issuance of a loan (the "Silver Hart Property Loan") (Note 7).

During the year ended September 30, 2020, the Company entered into a Yukon Mineral Exploration Transfer Payment Program Agreement with the Yukon Geological Survey ("YG") for a one-time financial assistance to assist with the costs of an exploration program related to the Silver Hart Property. The YG agreed to contribute up to a maximum of $40,000 (the "Government Credit") towards eligible exploration expenditures which are, in the opinion of YG, reasonable and directly attributable to the Silver Hart Property project and incurred from April 1, 2020 until March 31, 2020. During the year ended September 30, 2020, the Company incurred the eligible exploration expenditures and, therefore, recorded the $40,000 Government Credit in receivables and as a reduction to the cumulative costs incurred on the Silver Hart Property. The Government Credit was received in full during the six month period ending March 31, 2021.

The Contribution was made available on certain terms and conditions, and in reliance on attestations made by the Company in the agreement. Non-compliance with the terms and conditions may result in termination, withholding by the YG of some or all of the Government Credit or repayment of all or part of the Government Credit. The amount demanded for repayment shall bear interest beginning on the due date and ending on the day before the day on which payment is received by YG. To March 31, 2021 and subsequently, the Company has not received notification of non-compliance.

For the six-month period ended March 31, 2021, the Company incurred $142,006 (year ended September 30, 2020 - $573,712) in exploration expenditures on the Silver Hart Property.

Bishop Mill Property

On March 19, 2010, and as completed on April 15, 2010, the Company entered into a sale and purchase agreement and acquired a 100% interest in certain claims, buildings, water rights and machinery, comprising the Bishop Mill Property located near Bishop, California.

Subsequent to the purchase of the Bishop Mill Property, the Company has continued to incur additional costs in order to bring the mill and equipment to use. As at March 31, 2021, the Bishop Mill was not capable of operating in a manner intended by management. For the six-month period ended March 31, 2021, the Company incurred $49,904 (September 30, 2020 - $78,545) in clean-up costs on the Bishop Mill Property.

Blue Heaven Property

On June 1, 2020, the Company entered into a mineral property option agreement to acquire up to a 100% interest in certain claims comprising the Blue Heaven Property located in the Rancheria Silver District, Yukon Territories.

The Company has the option to acquire an 80% interest for the following consideration payments:

- $7,500 upon execution of the Agreement (paid);
- An additional $30,000 on or before June 1, 2021;
- An additional $62,500 on or before June 1, 2022;
- An additional $125,000 on or before June 1, 2023; and
- An additional $175,000 on or before June 1, 2024.

4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (cont'd)

Blue Heaven Property (cont'd)

Upon completion of the First Option payments, the Company and Strategic will enter into a joint venture to pursue the exploration, development, construction and mining of the Blue Heaven Property. The Company will be the initial operator of the joint venture and remain for as long as its interest is equal to or exceeds 50%.

The Company has the option to acquire a further 20% interest (the "Second Option") by payment of $500,000 on or before November 28, 2024. Upon completion of the Second Option payment, the Company will be deemed to have acquired a 100% interest in the Blue Heaven Property.

The Blue Heaven Property is subject to a 2% net smelter royalty ("NSR"). The Company has the option to acquire one-half, being 1%, of the NSR for $1,000,000.

For the six-month period ended March 31, 2021, the Company incurred $24,744 (year ended September 30, 2020 - $7,500) in exploration expenditures on the Blue Heaven Property.

Bridal Veil Property

On October 22, 2020, the Company entered into a mineral property option agreement to acquire a 100% working interest in the Bridal Veil Property located in the Gander Subzone in Central Newfoundland, for consideration comprised of cash and the issuance of common shares of the Company, subject to TSX-V approval, which was received on December 11, 2020. The Company paid $16,000 cash and issued 120,000 common shares at a fair value of $14,400 to the optionors on December 15, 2020.

Pursuant to this agreement, the Company is required to make the following additional payments:

- $24,000 plus issue 100,000 common shares or pay $10,000 in cash and issue 200,000 common shares at the fist anniversary date; and,
- $20,000 plus 100,000 common shares or $10,000 and 200,000 common shares on each of the second and third anniversary dates.

There is a 2.5% NSR of which 1.5% can be purchased at any time by the Company from the optionors for $1,000,000 per 1%.

For the six-month period ended March 31, 2021, the Company incurred $12,769 (year ended September 30, 2020 - $Nil) in exploration expenditures on the Bridal Veil Property.

Rancheria Property

On November 2, 2020, the Company entered into a mineral property option agreement to earn up to a 100% working interest in the Rancheria South mineral property located in the Rancheria Silver District in the Yukon, for consideration of the issuance of a total of 1,500,000 common shares of the Company over a period of three years from the date of the agreement, subject to TSX-V approval which was received on December 11, 2020.

The Company issued 100,000 common shares at a fair value of $12,000 to the optionor on December 15, 2020 and will issue:

- 250,000 common shares on the first anniversary date;
- 400,000 common shares on the second anniversary date; and,
- 750,000 common shares on the third anniversary date.

4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (cont'd)

Rancheria Property (cont'd)

The Company is committed to incurring exploration expenditures on the Rancheria Property totaling $175,000 as follows:

- $25,000 on or before the first anniversary date;
- an additional $50,000 on or before the second anniversary date; and,
- an additional $100,000 on or before the third anniversary date.

There is a 2% NSR which can be reduced to 1% upon the payment of $1,000,000.

For the six-month period ended March 31, 2021, the Company incurred $31,734 (year ended September 30, 2020 - $Nil) in exploration expenditures on the Rancheria Property.

Amy and Silverknife Property

On February 10, 2021, the Company entered into a mineral property option agreement to acquire up to a 100% working interest in the Silverknife and Amy mineral properties in the Rancheria Silver District, north-central British Columbia (the "Rancheria Silver District"), for consideration comprised of cash and the issuance of common shares of the Company, subject to TSX-V approval, which was received on February 25, 2021, and the Company paid $15,000 cash on February 4, 2021 and issued 100,000 common shares at a fair value of $19,500 to the optionors on March 4, 2021.

Pursuant to this agreement, the Company is required to make the following additional payments:

- $15,000 plus issue 200,000 common shares at the fist anniversary date;
- $20,000 plus issue 400,000 common shares the second anniversary date;
- $40,000 plus issue 500,000 common shares the third anniversary date.

The Company is committed to incurring exploration expenditures on the Amy and Silverknife Property totaling $60,000 as follows:

- $10,000 on or before the first anniversary date;
- an additional $20,000 on or before the second anniversary date; and,
- an additional $30,000 on or before the third anniversary date.

There is a 2% NSR of which 1% can be purchased at any time by the Company from the optionors for $1,000,000.

For the six-month period ended March 31, 2021, the Company incurred $24,141 (year ended September 30, 2020 - $Nil) in exploration expenditures on the Amy and Silverknife Property.

Terra Nova Property

On October 22, 2020, the Company entered into a mineral property option agreement to earn up to a 100% working interest in the Terra Nova Property located in the Gander Subzone in Central Newfoundland, for consideration of cash only, $5,000 (paid) which was due on signing, and subsequent payments as follows:

- $10,000 on the first anniversary date;
- $20,000 on the second anniversary date; and,
- $30,000 on the third anniversary date.

On the fifth anniversary date, an advance royalty is to be paid of $5,000 per year to the optionors and a NSR of 2.0% of which 1.0% can be purchased at any time by the Company for $1,000,000.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (cont'd)

Terra Nova Property (cont'd)

For the six-month period ended March 31, 2021, the Company incurred $3,128 (year ended September 30, 2020 - $Nil) in exploration expenditures for the Terra Nova Property.

5. OTHER INCOME

During the six-month period ended March 31, 2021, the Company recovered previously expensed costs of $75,000. This recovery was treated as other income for the period.

6. EQUIPMENT

		Vehicle
Balance, September 30, 2019	$	4,380
Amortization for the year		(4,508)
Foreign exchange		128
Balance, September 30, 2020 and March 31, 2021	$	-

7. LOANS

Silver Hart Property Loan

As consideration for the Silver Hart Property, a balance of $270,000 remained unpaid as at September 30, 2019 to a significant shareholder of the Company. The unpaid balance was secured by a loan, as last amended on September 24, 2018, was due on September 30, 2019 and was interest bearing at a rate of 8.5% per annum. On September 30, 2019, the principal balance, accrued interest and extension fees for amendments amounted to $917,000.

On November 20, 2019, the Company extinguished the Silver Hart Property Loan by issuance of common shares (Note 10).

Promissory Notes

During the year ended September 30, 2019, the Company entered into Promissory Notes totaling $155,500 with a company controlled by a significant shareholder of the Company, which Notes were payable on demand with interest at 18% per annum. To September 30, 2019 the principal balance and accrued interest amounted to $174,175.

On November 20, 2019, the Company settled the Promissory Notes by issuance of common shares (Note 10).

Regional Relief and Recovery Fund Loan

During the year ended September 30, 2020, the Company applied for a $40,000 loan from Her Majesty the Queen in Right of Canada as represented by the Minister responsible for Western Economic Diversification Canada (the "Minister"), pursuant to the Regional Relief and Recovery Fund ("RRRF") program (the "RRRF Loan"). The RRRF Loan was made available on certain terms and conditions, and in reliance on attestations made by the Company in the loan agreement. The $40,000 was recorded in receivables at September 30, 2020 and received during the six month period ended March 31, 2021

The RRRF Loan is an interest-free loan, available to the Company until December 31, 2020. On January 1, 2021, the RRRF Loan will be converted to a 3-year, 0% interest term loan, to be repaid by December 31, 2022. If the Company repays $30,000 by December 31, 2022, a balance of $10,000 will be forgiven. If on December 31, 2022, the Company

7. LOANS (cont'd)

Regional Relief and Recovery Fund Loan (cont'd)

has not repaid the $30,000, it may exercise the option for a 3-year term extension and, accordingly, a 5% interest rate will be applied during this extension period on any balance remaining.

The funds from the RRRF Loan may only be used by the Company to pay non-deferrable operating expenses including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation. As such, the government grant was amortized and recognized in the statement of loss and comprehensive loss over the year ending September 30, 2020; the period in which the Company recognized the related expenditures for which the balances were intended to compensate.

Upon initial receipt, the Company recorded the RRRF Loan at a fair value of $19,479, based on a prevailing market rate of 17%. The Company recorded the result of the benefit received from the interest-free RRRF Loan of $10,521 as a government grant. The portion of the forgivable RRRF Loan of $10,000 was also treated as a government grant, given reasonable assurance that the Company will meet the terms for forgiveness of the loan.

During the year ended September 30, 2020, the government grant and RRRF Loan, totaling $20,521 had been amortized and recognized as a recovery of exploration expenditures in the statement of loss and comprehensive loss. During the six-month period ended March 31, 2021, the Company recorded $1,715 (year ended September 30, 2020 - $1,586) in interest on the RRRF Loan.

8. PREFERRED SHARES

The Company's subsidiary issued 5,000 Class A non-voting preferred shares (the "Class A preferred shares") at a price of $100 per share, for total proceeds of $500,000. Attached to these preferred shares is an annual non-cumulative preferred cash dividend of 4.5% of the total, payable annually on March 31 of each year. To March 31, 2021, no dividends have been declared.

After April 9, 2015, redemption may be affected in whole or any number of the Class A preferred shares, if the Company is not insolvent at such time and that the redemption would not render the Company insolvent, as follows:

- Company: Upon giving no less than 10-day notice to the holders. If notice to redemption is given by the Company and holders of the Class A preferred shares fail to present and surrender the share certificates representing the shares called for redemption, the Company may deposit an amount sufficient to redeem the shares with any trust company or chartered bank of Canada and the holder will have no rights against the Company in respect of such shares except upon the surrender of certificates for such shares to receive payment; and

- Holder: Upon giving notice to the Company. The Company shall pay the holder within 30 days a redemption amount, in respect of each of the shares specified in the notice.

9. RESTORATION AND ENVIRONMENTAL OBLIGATIONS

The Company's provision for restoration and environmental obligations consists of costs accrued based on the current best estimate of reclamation activities that will be required on the Bishop Mill Property (Note 3) and Silver Hart Property (Note 4).

The Company is subject to a claim made by the Government of the Yukon Territory related to the remediation of the Silver Hart mineral property pursuant to its exploration program. The Company's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date and known legal requirements. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments. The Company has accrued a provision of $146,070 (September 30, 2020 - $146,070) by way of

9. RESTORATION AND ENVIRONMENTAL OBLIGATIONS (cont'd)

estimating its obligation to remediate the claim. This liability is secured by a Letter of Credit ("LOC") guaranteed by a third party to whom, commencing January 1, 2021, the Company is obligated to pay a 4% finance fee (Note 13).

10. SHARE CAPITAL

Authorized

Unlimited common shares, without par value
Unlimited Class A preferred share, non-voting, without par value

Issued common shares

79,720,765 (September 30, 2020 – 66,345,385) common shares issued and outstanding.

For the six-month period ended March 31, 2021

On March 4, 2021, the Company issued 100,000 common shares at a fair value of $19,500, pursuant to the Amy and Silverknife Property option agreement (Note 4).

On January 13, 2021, the Company completed a private placement of a total of 4,800,000 units at $0.125 per unit, for gross proceeds of $600,000. Each unit consists of one common share and one transferrable share purchase warrant exercisable for a two-year period at $0.20 per share on 2:1 basis expiring January 13, 2023. A fair value of $251,329 was allocated to the 4,800,000 warrants using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 0.16%; annual dividends - nil; expected life - 24 months; expected stock price volatility- 177%. The Company paid share issuance costs of $5,300 in relation to the private placement.

On December 15, 2020, the Company issued 100,000 common shares at a fair value of $12,000, pursuant to the Rancheria Property option agreement (Note 4).

On December 15, 2020, the Company issued 120,000 common shares at a fair value of $14,400 pursuant to the Bridal Veil Property option agreement (Note 4).

During the six-month period ended March 31, 2021, the Company issued 8,255,380 common shares upon the exercise of 9,817,880 warrants for proceeds of $520,894, of which $2,500 was previously recorded in subscriptions received in advance, pursuant to the exercise of warrants. Accordingly, the Company reallocated $304,549 from share-based payment reserve to share capital upon exercise of such warrants.

Year ended September 30, 2020

On November 20, 2019, the Company issued a total of 15,588,210 common shares at a fair value of $779,411 for settlement of debt totaling $1,091,175, to a significant shareholder of the Company, in settlement of the Silver Hart Property Loan and Promissory Notes (Note 7). Accordingly, the Company recorded a gain on settlement of debt of $311,764.

On June 4, 2020, the Company completed a non-brokered private placement of a total of 8,000,000 units at $0.0375 per unit, for gross proceeds of $300,000. Each unit consists of one common share and one transferrable share purchase warrant exercisable for a one-year period at $0.05 per share expiring June 4, 2021. A fair value of $253,329 was allocated to the 8,000,000 warrants using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 0.27%; annual dividends - nil; expected life - 12 months; expected stock price volatility- 125%.

On July 27, 2020, the Company completed a non-brokered flow-through private placement of a total of 6,000,000 units at $0.08 per unit, for gross proceeds of $480,000. Each unit consists of one common share and one transferrable share purchase warrant exercisable on a 2:1 basis for a one-year period at $0.10 per share expiring July 27, 2021.

10. SHARE CAPITAL (cont'd)

Issued common shares (cont'd)

A fair value of $157,025 was allocated to the 6,000,000 warrants using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 0.27%; annual dividends - nil; expected life - 12 months; expected stock price volatility- 119%. On issuance, the Company determined there was no flow-through share premium.

During the year ended September 30, 2020, the Company issued 3,207,120 common shares for proceeds of $185,356 pursuant to the exercise of warrants. Accordingly, the Company reallocated $99,890 from share-based payment reserve to share capital upon exercise of such warrants.

To September 30, 2020, the Company received $2,500 in advance for warrants exercised during the six-month period ended March 31, 2021

Stock options

The Company follows the policies of the TSX-V under which it would be authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the policies, the exercise price of each option equals the market price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. The Company calculates the fair value of all stock-based compensation awards as determined using the Black-Scholes Option Pricing Model.

On January 13, 2021, the Company granted 2,010,000 stock options at a price of $0.20 per share expiring on January 13, 2026 to certain of its directors, officers, employees, and consultants of the Company pursuant to the Company's Rolling Share Option Plan. 1,760,000 of the options granted vest over 90 days, and 250,000 of the options granted vest in stages over a period of twelve months from the date of grant with no more than one-quarter of the options vesting in any three months period.

As of March 31, 2021, there were 2,010,000 (September 30, 2020 - $Nil) options issued and outstanding.

The weighted average fair value of stock options granted was $323,940 using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 0.36%; annual dividends - nil; expected life - 60 months; expected stock price volatility- 147%. During the six-month period ended March 31, 2021, the Company recorded $283,649 (2020 - $Nil) in stock-based compensation expense for vested stock options.

Share-based payment reserve:

The share-based payment reserve is used to recognize the fair value of share options granted to employees and consultants, including key management personnel, as part of their remuneration. When options are subsequently exercised, the fair value of such options in share-based payment reserve is credited to share capital.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd)

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercised price	Expiry date
Balance, September 30, 2019	8,400,000	$0.075	September 5, 2021
Warrant issued	8,000,000	$0.071	June 4, 2021
Warrant issued	6,000,000	$0.071	July 27, 2021
Warrants exercised	(3,207,120)	$0.058	
Balance, September 30, 2020	19,192,880	$0.075	
Warrant issued	4,800,000	$0.200	January 13, 2023
Warrants exercised	(9,817,880)	$0.069	
Balance , March 31, 2021	14,175,000	$0.122	

As of March 31, 2021, 6,200,000 warrants exercisable at $0.075 expiring September 5, 2021, 300,000 warrants exercisable at $0.05 expiring June 4, 2021; 2,875,000 warrants exercisable at $0.10 expiring July 27, 2021 and 4,800,000 warrants exercisable at $0.20 expiring January 13, 2023 remained unexercised.

11. RELATED PARTY TRANSACTIONS

During the six-month period ended March 31, 2021, the Company entered the following transactions with related parties:

a) incurred finance fees of $5,843 (March 31, 2020 – $Nil) to a company controlled by a significant shareholder of the Company (Note 9).
b) incurred rent of $9,000 (March 31, 2020 – $9,000) to a company controlled by a significant shareholder of the Company.
c) incurred secretarial fees of $28,900 (March 31, 2020 - $11,700) to a company controlled by a significant shareholder of the Company which was recorded in office and miscellaneous.
d) incurred management fees of $1,399 (March 31, 2020 – $Nil) to a company controlled by a director of the Company.
e) incurred consulting fees of $1,000 (March 31, 2020 - $27,904) to a director of the Company.
f) incurred consulting fees of $45,594 (March 31, 2020 - $Nil) to a company controlled by a director of the Company.
g) incurred contractor fees of $40,488 (March 31, 2020 – $8,165) to a company controlled by a director of the Company which were recorded within exploration and evaluation expenditures.
h) recognized stock-based compensation of $261,086 (March 31, 2020 - $Nil) for six directors of the Company including President/CEO, CFO that were granted a total of 1,620,000 stock options on January 13, 2021 (Note 10).

At March 31, 2021, a total of $18,723 (September 30, 2020 - $61,604) was owing to a director, company controlled by a director or to a significant shareholder of the Company.

On March 31, 2021 and September 30, 2020, the LOC secured for the provision for restoration and environmental obligation (Note 9) is guaranteed by companies controlled by a significant shareholder of the Company.

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (cont'd)

The Company incurred the following key management compensation charges:

	March 31, 2021	March 31, 2020
Consulting fees	$46,594	$27,904
Exploration and evaluation expenditures - contractors	40,488	8,165
Management fees	1,399	-
Stock-based compensation	261,086	-
	$349,567	$36,069

12. FINANCIAL RISK AND CAPITAL MANAGEMENT

The fair value of the Company's financial assets and liabilities approximates its carrying amount.

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:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and 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 that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts.

The majority of cash is deposited in bank accounts held with one major bank in Canada. As most of the Company's cash is held in one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables and reclamation bond. This risk is minimal as receivables consist primarily of refundable government goods and services taxes and the reclamation bond are held with government authorities.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company has a working capital at March 31, 2021 of $56,522 and the contractual maturities of all financial liabilities is less than one year. Liquidity risk is assessed as high.

(Expressed in Canadian dollars)

12. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. Foreign exchange risk is assessed as low.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The fair value of the Company's cash accounts are relatively unaffected by changes in short term interest rates. The Company's debt has a fixed interest rate and is not affected by changes in interest rates.

Capital management

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

13. CONTINGENT LIABILTY

The Company is subject to a claim made by the Government of the Yukon Territory related to the remediation of the Silver Hart Property (Note 4) pursuant to its exploration program. The Company has accrued a provision of $146,070 by way of estimating its obligation to remediate the claims but the actual amount of any economic outflow related to this contingency is dependent upon future events and cannot be reliably measured as at March 31, 2021.

14. SUPPLEMENT DISCLOSURE TO CASH FLOWS

Significant non-cash transactions are as follows:

Six-month period ended March 31,	2021	2020
Non-cash financing and investing activities:		
Issuance of common shares for exploration of exploration and evaluation assets	$ 45,900	$ -
Issuance of common shares for settlement of debt	$ -	$ 1,091,175
Fair value allocated to warrants issued	$ 251,329	$ -
Reallocation on exercise of warrants	$ 304,549	$ -

15. COMMITMENT

Effective December 21, 2020, the Company entered into a 6 month (the "Initial Term") non-exclusive independent contractors' agreement with Red Cloud Financial Services Inc. and Red Cloud Securities Inc. (collectively, "Red Cloud") to provide marketing and potential transaction services (the "Transaction") which may include but not limited to (i) an equity financing, (ii) a financing by way of debt instrument and (iii) sale or arrangement.

As consideration, the Company will compensate Red Cloud as follows:

(a) Marketing fee of $10,000 per month for the Initial Term.
(b) Equity financing fee of 7.0% commission based on the gross proceeds raised and warrants equal to 7% of the number of securities sold at an exercise price equal to the offering price of the securities and exercisable for a period of 24 months. *

15. COMMITMENT (cont'd)

(c) Transaction fee equal to the greater of a minimum of $75,000 and a percentage of 1.5% - 5.0% of the transaction value, the total of which will be reduced by 25% of the Marketing fee paid to such date. *
(d) Break free equal to the greater of a minimum of $50,000 and 25% of any such fee to which the Company may be entitled. *

* In the event that a party as introduced by Red Cloud is involved with a Transaction with the Company during the Initial Term or within a period of 12 months thereafter, these such fees are applicable.

During the six-month period ended March 31, 2021, the Company incurred $30,000 (2020 - $Nil) in marketing fees pursuant to the agreement.

16. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Company:

(a) The Company issued 1,612,500 common shares for proceeds of $121,250 pursuant to the exercise of warrants.

(b) The Company received $75,000 in advance pursuant to the exercise of warrants.

(c) To May 27, 2021, the Company has received $789,500 towards a non-brokered private placement, which as of the date of these interim financial statements, has not closed. On closing, the Company will issue up to 2,215,335 non-flow through units at $0.14 per unit and 4,812,500 flow-through units at $0.16 per unit. Each unit will consist of one common share and one transferrable share purchase warrant exercisable for a two-year period at $0.30 per share on 2:1 basis.