PACIFIC RIDGE exploration ltd.

(An Exploration-Stage Company)

Condensed Consolidated Interim Financial Statements

June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

PACIFIC RIDGE
exploration ltd.

NOTICE TO READER

THE ISSUER'S AUDITORS HAVE NOT REVIEWED OR BEEN INVOLVED IN THE PREPARATION OF THESE CONDENSED CONSOLIDATED 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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Pacific Ridge Exploration Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - expressed in Canadian dollars)

	Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
Assets		**$**	$
Current			
Cash		**2,786,462**	628,720
Other receivables		**7,874**	7,980
Marketable securities and warrants	3	**55,400**	42,700
Prepaid		**39,867**	9,587
		2,889,603	688,987
Equipment and furniture	4	**8,109**	2,898
Resource Properties	5	**496,959**	454,619
Reclamation bonds		**33,500**	33,500
Right-of-use asset	11	**48,391**	47,767
		3,476,562	1,227,771
Liabilities			
Current			
Trade payable and accrued liabilities		**118,935**	103,905
Lease liability - current portion	11	**42,105**	27,920
		161,040	131,825
Lease liability - long-term portion	11	**7,847**	20,621
Flow-through premium liability	6(a)	**213,855**	-
		382,742	152,446
Shareholders' equity			
Share capital	6	**45,666,980**	43,784,464
Contributed surplus	6 (b & c)	**4,033,004**	3,367,186
Accumulated other comprehensive loss	3	**2,400**	(10,300)
Deficit		**(46,608,564)**	(46,066,025)
		3,093,820	1,075,325
		3,476,562	1,227,771

Subsequent events 13

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

Approved and authorized for issue on behalf of the Board of Directors on July 29, 2021

Bruce A. Youngman
Director

Gary Baschuk
Director

Condensed Consolidated Interim
Statements of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

	Note	Three months ended June 30		Six months ended June 30	
		2021	2020	**2021**	2020
Administration expenses		**$**	$	**$**	$
Amortization of right-of-use asset	11	**10,369**	6,606	**17,534**	13,212
Depreciation	4	**572**	383	**944**	616
Finance lease interest	11	**1,416**	131	**2,573**	453
Insurance		**7,700**	150	**20,160**	5,850
Professional and consulting		**28,040**	2,469	**59,613**	13,718
Management and administrative	8	**76,109**	24,706	**133,364**	50,221
Office operations and facilities		**10,976**	7,330	**17,007**	13,061
Shareholder communications		**45,212**	5,209	**126,353**	14,901
Share-based payments	6(c)	**-**	-	**55,277**	17,439
Transfer agent and regulatory fees		**17,147**	4,193	**26,273**	13,356
		197,541	51,177	**459,098**	142,827
Exploration-related expenses (income)					
Exploration and evaluation costs	5	**143,205**	119,229	**234,554**	144,700
Mining tax credit	7	**-**	-	**(76,269)**	(347)
Property option payments	5	**(75,000)**	(325,000)	**(75,000)**	(325,000)
		68,205	(205,771)	**83,285**	(180,647)
Other expenses (income)					
Interest received		**(1,316)**	(823)	**(1,892)**	(2,548)
Foreign exchange (gain) loss		**1,077**	1,331	**2,048**	(2,735)
		(239)	508	**156**	(5,283)
Net income (loss)		**(265,507)**	**154,086**	**(542,539)**	43,103
Other comprehensive income (loss):					
Net change in fair value of marketable securities	3	**12,980**	5,000	**12,700**	(700)
Total comprehensive income (loss)		**(252,527)**	159,086	**(529,839)**	42,403
Loss per share (basic and diluted)		(0.01)	0.00	**(0.01)**	0.00
Weighted average number of shares outstanding basic and diluted		**46,450,933**	31,729,009	**41,698,594**	31,729,009

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

PACIFIC RIDGE exploration ltd.

Condensed Consolidated Interim
Statements of Changes in Shareholders' Equity

(Unaudited - expressed in Canadian dollars)

	Note	Share capital Amount	Share capital Value	Contributed surplus	Other comprehensive income (loss)	Deficit	Total
		#	$	$	$	$	$
Balance, December 31, 2019		31,729,009	43,596,559	3,312,624	(36,300)	(45,572,515)	1,300,368
Share based payments	6(c)	-	-	17,439	-	-	17,439
Unrealized loss marketable securities	3	-	-	-	(700)	-	(700)
Net income for the period		-	-	-	-	43,103	43,103
Balance, June 30, 2020		31,729,009	43,596,559	3,330,063	(37,000)	(45,529,412)	1,360,210
Units issued for cash in private placement		3,119,999	234,000	-	-	-	234,000
Flow-through premium	6(a)	-	(25,700)	6,146	-	-	(19,554)
Share issuance costs	6(a)	-	(18,895)	-	-	-	(18,895)
Finders' warrants issued	6(b)	-	(1,500)	1,500	-	-	-
Share-based payments	6(c)	-	-	29,477	-	-	29,477
Unrealized gain marketable securities	3	-	-	-	26,700	-	26,700
Net loss for the period		-	-	-	-	(536,613)	(536,613)
Balance, December 31, 2020		34,849,008	43,784,464	3,367,186	(10,300)	(46,066,025)	1,075,325
Flow-through uits issued for cash		8,000,000	1,136,000	-	-	-	1,136,000
Flow-through premium	6(a)	-	(296,000)	82,145	-	-	(213,855)
Non flow-through units issued for cash		10,000,000	968,426	531,574			1,500,000
Shares issued for property		100,000	31,000	-	-	-	31,000
Share issuance costs	6(a)	-	(39,628)	-	-	-	(39,628)
Shares issued on exercise of warrants		662,833	82,718	(3,178)	-	-	79,540
Share-based payments	6(c)	-	-	55,277	-	-	55,277
Unrealized loss in marketable securities	3	-	-	-	12,700	-	12,700
Net loss for the period		-	-	-	-	(542,539)	(542,539)
Balance, June 30, 2021		**53,611,841**	**45,666,980**	**4,033,004**	**2,400**	**(46,608,564)**	**3,093,820**

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

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - expressed in Canadian dollars)

	Six months ended June 30	
	2021	2020
	$	$
Operating activities		
Income (loss) for the period	**(542,539)**	43,103
Items not affecting cash:		
Right-of-use asset amortization	**17,534**	13,212
Depreciation of plant and equipment	**944**	616
Finance lease interest	**2,573**	453
Share-based payments	**55,277**	17,439
Unrealized foreign exchange	**448**	(2,754)
Property option recovery	**(75,000)**	(325,000)
Interest received	**(1,892)**	(2,548)
	(542,655)	(255,479)
Changes in non-cash working capital items:		
Other receivables	**106**	(4,796)
Prepaid	**(30,280)**	246
Trade payable and accrued liabilities	**15,030**	25,515
Cash used in operating activities	**(557,799)**	(234,514)
Investing activities		
Resource property acquisition costs	**(11,340)**	(10,000)
Acquisition of plant and equipment	**(6,155)**	(1,803)
Proceeds from property option payments	**75,000**	325,000
Interest received	**1,892**	2,548
Reclamation bonds	**-**	5,000
Cash provided by (used in) investing activities	**59,397**	320,745
Financing activities		
Proceeds from flow-through private placement	**1,136,000**	-
Proceeds from non flow-through private placement	**1,500,000**	-
Proceed from warrant exercises	**79,540**	-
Share issue costs	**(39,628)**	-
Finance lease -principal payments	**(16,747)**	(15,417)
Finance lease -interest payments	**(2,573)**	(453)
Cash provided by (used in) financing activities	**2,656,592**	(15,870)
Effect of foreign exchange translation on cash	**(448)**	2,754
Increase (decrease) in cash	**2,157,742**	73,115
Cash, beginning of the period	**628,720**	895,320
Cash, end of the period	**2,786,462**	968,435
Supplementary cash flow information:		
Non-cash investing activities:		
Shares issued for resource properties	**(31,000)**	-
Non-cash financing activities:		
Flow-through premium liability	**(213,855)**	-

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

1. Nature of operations

Pacific Ridge Exploration Ltd. and its wholly owned subsidiary Pacific Ridge Exploration (US) Inc. (the "Company" or "Pacific Ridge") are in the business of acquiring and exploring resource properties in Canada and the United States. Pacific Ridge is incorporated and domiciled in Canada under the *Business Corporations Act* (British Columbia). The address of its registered office is 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary capital to finance operations including contributions from future joint venture partners. The carrying value of the Company's mineral properties does not reflect current or future value.

These consolidated financial statements are 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. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statements of financial position. As of June 30, 2021, the Company had a working capital (current assets minus current liabilities) of $2,728,563 (December 31, 2020 - $557,162). The Company believes that based on its current working capital, it can sustain its operation and maintain its minimum obligations for the next year.

The COVID-19 pandemic had an initial negative impact on global financial markets, followed by a recovery, but significant volatility could still be expected. The economic viability of the Company's business plan could be impacted by its ability to obtain financing, and global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues.

In addition, as the health and safety of the Company's employees, contractors, visitors, and stakeholders are the Company's top priority, the Company will monitor developments with respect to COVID-19, both globally and within its operating jurisdictions, and will implement any such changes to its business as may be deemed appropriate to mitigate any potential impacts to its business and the stakeholders. Such changes, may include, but are not limited to, temporary closures of the Company's site exploration activities or offices, and deviations from the timing and nature of previous exploration plans.

2. Basis of preparation and summary of significant accounting policies

(a) Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed 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 audited annual consolidated financial statements of the Company for the year ended December 31, 2020.

The condensed consolidated interim financial statements were approved by the Board of Directors on July 29, 2021.

(Unaudited - Expressed in Canadian dollars)

2. Basis of preparation and summary of significant accounting policies (continued)

(b) Critical accounting estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2020.

(c) Comparative statements

The presentation of the comparative figures for the six months ended June 30, 2020, specifically with respect to the grouping of lines on the consolidated statement of loss and comprehensive loss, has been modified in order to conform to the presentation of the annual consolidated financial statements for the year ended December 31, 2020.

3. Marketable securities

The fair value of the shares and warrants of third parties owned by the Company is as follows:

	Four Nines Gold Inc. Common shares		Trifecta Gold Ltd. Common shares		Total
	Number	Fair value	Number	Fair value	Fair value
	#	$	#	$	$
Balance, December 31, 2019	60,000	8,700	200,000	8,000	16,700
Expiry of warrants	-	(2,700)	-	2,000	(700)
Balance, June 30, 2020	60,000	6,000	200,000	10,000	16,000
Adjustments	-	20,700	-	6,000	26,700
Balance, December 31, 2020	60,000	26,700	200,000	16,000	42,700
Adjustments	-	8,700	-	4,000	12,700
Balance, June 30, 2021	**60,000**	**35,400**	**200,000**	**20,000**	**55,400**

(Unaudited - Expressed in Canadian dollars)

4. Equipment and furniture

The Company has the following assets:

	Computing equipment $	Furniture $	TOTAL $
Balance, December 31, 2019	2,543	-	2,543
Additions	1,803	-	1,803
Depreciation	(616)	-	(616)
Balance, June 30, 2020	3,730	-	3,730
Depreciation	(832)	-	(832)
Balance, December 31, 2020	2,898	-	2,898
Additions	3,220	2,935	6,155
Depreciation	(823)	(121)	(944)
Balance, June 30, 2021	**5,295**	**2,814**	**8,109**

As at June 30, 2021	$	$	$
Cost	7,756	2,935	10,691
Accumulated depreciation	(2,461)	(121)	(2,582)
Net book value	**5,295**	**2,814**	**8,109**

5. Resource properties

The Company has interests in mineral properties in British Columbia and Yukon in Canada. This portfolio of mineral properties is as follows:

a) Company-owned properties:

i) Mariposa property (Yukon)

The Company acquired a 100% interest in the Mariposa property, Dawson Mining District, Yukon, in 2014. Between September 2016 and March 2019, the property was optioned to Four Nines Gold Inc. ("Four Nines"). The securities referred to in note 3 from Four Nines were received by the Company as part of the option payments. Upon termination of the option agreement, Four Nines advanced $50,000 to the Company, which committed to carry out any possible reclamation work on behalf of Four Nines. This amount is recorded as an accrued liability. The Company is continuing exploration activities on Mariposa and will conduct the reclamation work during 2021.

ii) Eureka Dome property (Yukon)

This property was under an option to Trifecta Gold Ltd. ("Trifecta") between April 2018 and April 2019, when the option was terminated. The securities referred to in note 3 from Trifecta were received by the Company as part of the option payments. No exploration is planned for 2021 on Eureka Dome.

5. Resource properties (continued)

b) Company-owned properties on option to third parties

i) Fyre Lake property (Yukon)

The Company owns a 100% interest in the Fyre Lake property, located in the Watson Lake Mining District, Yukon. On January 18, 2017, the Company closed an option agreement with BMC Minerals (No. 1) Ltd. ("BMC"), amended on December 19, 2018, and on April 10, 2020, whereby BMC has the right to acquire a 100% interest in Fyre Lake by making payments totalling $3,125,000 as follows:

A non-refundable deposit and initial option payment of $375,000 ($25,000 received in November 2016 and $350,000 received in January 2017), a second option payment of $300,000 received in December 2017, and a third option payment of $1,200,000 received on December 28, 2018. During the year ended December 31, 2019, the Company received a further $150,000. A special payment of $250,000 was made pursuant to the April 10, 2020, amending agreement. In order to exercise the option, BMC must make a final $1,000,000 payment. This payment is due within thirty days of BMC receiving the Type A Water License for the development of its proposed ABM Mine, but in any event no later than December 31, 2021. BMC will also continue payments to the Company of $75,000 every six months ($150,000 of these payments received during the year ended December 31, 2020), until the final tranche has been paid.

In addition, if it exercises the option, BMC has agreed to make a bonus payment of $1,000,000 if and when BMC's Kudz Ze Kayah property has reached commercial production for one year.

As there is no carrying value for Fyre Lake on the Company's statement of financial position, these option payments are recorded as property option payments on the statement of loss and comprehensive loss.

c) Properties under option from third parties

i) Kliyul and Redton properties (British Columbia)

On January 17, 2020, the Company entered into an earn-in property agreement (the "Kliyul-Redton Agreement"), amended on April 7, 2020, and on July 22, 2020, with Aurico Metals Inc. ("Aurico"), with respect to the Kliyul and Redton properties located in British Columbia (jointly, "the Properties").

Under the terms of the Kliyul-Redton Agreement, the Company, at its sole option, can earn a 51% undivided right, title and interest, other than underlying royalties, in the Properties by a payment to Aurico of $100,000 in cash of which $25,000 has been paid, the issuance of 2,000,000 common shares, and incurring expenditures in the aggregate amount of no less than $3,500,000, as follows:

(Unaudited - Expressed in Canadian dollars)

5. **Resource properties** (continued)

c) Properties under option from third parties (continued)

i) Kliyul and Redton properties (British Columbia) (continued)

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
To earn 51%:				
10,000	-	-	Upon execution and regulatory approval	(Paid)
15,000	-	-	December 31, 2020	(Paid)
20,000	-	1,250,000	December 31, 2021	
25,000	-	1,000,000	December 31, 2022	
30,000	2,000,000	1,250,000	December 31, 2023	
100,000	2,000,000	3,500,000		

Since inception and to June 30, 2020, the Company has incurred exploration expenses of $554,562 in Kliyul and 202,499 in Redton.

In addition, the Company has the right to acquire, after the exercise of the 51% earn-in right, a 75% earned interest (an additional 24% undivided interest, other than underlying royalties) in the Properties by paying Aurico an additional $60,000 in cash, issuing an additional 1,500,000 common shares and incurring additional expenditures of no less than $3,500,000, as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
To increase to 75%:				
30,000	-	1,500,000	December 31, 2024	
30,000	1,500,000	2,000,000	December 31, 2025	
60,000	1,500,000	3,500,000		

The Kliyul property is subject to 2% net smelter return royalties. The Redton property is subject to (i) a 2.5% net smelter return royalty, with the right of reducing it to 1% for $2,000,000, and (ii) a 2% net smelter return royalty.

(Unaudited - Expressed in Canadian dollars)

5. **Resource properties** (continued)

c) Properties under option from third parties (continued)

ii) RDP Property (British Columbia)

On May 3, 2021, the Company entered into an agreement to acquire 100% of the RDP copper-gold porphyry project in central British Columbia, approximately 40km west of its flagship Kliyul copper-gold project.

Under the terms of the Agreement, the Company has the option to earn a 100% interest in RDP by making payments as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date (on or before)	Status
$	#	$		
5,000	100,000	-	Upon execution and regulatory approval	Completed
10,000	100,000	60,000	December 15, 2021	
30,000	300,000	250,000	December 15, 2022	
80,000	700,000	550,000	December 15, 2023	
125,000	1,200,000	500,000		

In addition, Pacific Ridge will issue 300,000 shares to the vendor on completion of 5,000 m of drilling and an additional 500,000 shares upon defining a 1,000,000 ounces of gold equivalent resource in the inferred or greater category. The property is also subject to a 2% NSR payable to the vendor, half of which can be purchased at any time for $1.5 million.

Subsequent to June 30, 2020, the Company issued an additional 100,000 common shares with a fair value of $0.22 per share ($22,000) to a consulting company that had certain data on the RDP property that the Company considered relevant for its project.

(Unaudited - Expressed in Canadian dollars)

5. **Resource properties** (continued)

d) Other properties

i) Spius (British Columbia)

On April 27, 2018, the Company entered into an option agreement to acquire a 100% interest in the Spius property, Nicola and New Westminster Mining Divisions, British Columbia. The terms of the option agreement as amended on December 10, 2019, are as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
10,000	200,000	-	Upon execution and regulatory approval	Completed
40,000	200,000	50,000	December 15, 2018	Completed
-	-	250,000	December 15, 2019	Completed
-	-	25,000	December 15, 2020	Completed
15,000	200,000	-	May 31, 2021	
15,000	200,000	-	December 15, 2021	
30,000	600,000	500,000	December 15, 2022	
110,000	1,400,000	825,000		

During the six months ended June 30, 2021, the Company's expenses for Spius amounted to $9,115.

During the year ended December 31, 2020, exploration expenses incurred in Spius amounted to $27,520 (2019 - $255,555 and 2018 - $94,965), thus already exceeding the $325,000 cumulative commitment for 2020.

The agreement is subject to a 1% NSR to the property vendor, half of which can be purchased for $1,500,000, as well as an underlying 2% NSR, of which the Company has the right to buy down half for $1,500,000. In addition, bonus payments are payable upon certain advanced development mileposts. One of the underlying vendors of the Spius property is a company where a director of the Company owns a 25% interest. During the year ended December 31, 2018, the Company posted a bond for $12,500 for future reclamation costs with the Government of British Columbia, which was still outstanding as at June 30, 2021, but was refunded to the Company subsequent to June 30, 2021.

On October 20, 2020, the Company entered into an Option Agreement with Arctic Fox Interactive Ltd. ("Arctic Fox") and with the underlying owner of Spius, whereby the Company granted Arctic Fox an option to acquire a 60% interest in the Company's Spius Option by making payments to the Company of $50,000, issuing 1,000,000 shares and spending $550,000 on exploration by December 31, 2022. With this agreement, Arctic Fox effectively assumes the Company's obligations pursuant to the Spius option.

(Unaudited - Expressed in Canadian dollars)

5. **Resource properties** (continued)

e) Carrying costs and exploration expenses summary

The Company capitalizes mineral property acquisition-related costs, and expenses all costs incurred in exploration-related activities, as follows:

i) Capitalized costs

The following costs are reflected on the Company's consolidated statement of financial position:

	Company-owned properties	On option from third parties			Total
	Mariposa YT	Kliyul BC	Redton BC	RDP BC	
	$	$	$	$	$
Balance, December 31, 2019	429,619	-	-	-	429,619
Option payments in cash	-	5,000	5,000	-	10,000
Balance, June 30, 2020	429,619	5,000	5,000	-	439,619
Option payments in cash	-	7,500	7,500		15,000
Balance, December 31, 2020	429,619	12,500	12,500	-	454,619
Option payments in cash	-	-	-	5,000	5,000
Option payments in shares	-	-	-	31,000	31,000
Staking costs	-	-	-	6,340	6,340
Balance, June 30, 2021	**429,619**	**12,500**	**12,500**	**42,340**	**496,959**

ii) Expensed costs

The following costs are reflected on the Company's consolidated statement of loss and comprehensive loss and reflect amounts incurred in exploration expenses:

Property	Province / Territory	Six months ended June 30 **2021**	2020
		$	$
Kliyul	BC	**168,015**	101,438
Redton	BC	**14,976**	36,645
Spius	BC	**9,115**	2,207
RDP	BC	**6,265**	-
Mariposa	YT	**1,697**	-
General exploration not allocated to a specific property		**34,486**	4,410
		234,554	144,700

6. Share capital

a) Common Shares

The Company is authorized to issue an unlimited authorized number of common shares without par value.

On June 1, 2021, the Company closed a non-brokered private placement, raising cash proceeds of $1,500,000 through the issuance of 10,000,000 units at a price of $0.15 per unit ("Unit"). Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional common share at an exercise price of $0.23 for a period of 24 months expiring on June 3, 2023. No finders' fees were paid in connection to the private placement, and share issuance costs amounted to $29,559. Final approval from the TSX Venture Exchange was obtained on June 8, 2021. Of the total number of units issued, 448,000 were subscribed for by three directors of the Company.
The Company applied the relative value approach to allocate the proceeds received from the unit offering to their respective components. The fair value of the units was allocated between share capital and contributed surplus, with the fair value of the warrants being determined by the Black-Scholes option pricing model. The parameters used in the Black Scholes calculations were as follows: expected volatility: 121.16%, risk-free interest rate: 0.32%, dividend yield: 0%, and expected life of two years
.
On March 8, 2021, the Company raised gross proceeds of $1,136,000 on closing of a non-brokered flow-through private placement, issuing 8,000,000 units at a price of $0.142 per unit ("2021 FT Unit"). Each 2021 FT Unit was comprised of one common share of the Company that qualifies as a "flow-through share" for the purposes of the Income Tax Act (Canada) (an "2021 FT Unit Share") and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional non-flow-through common share at an exercise price of $0.15 for a period of two years. The securities are restricted from trading until July 6, 2021, as required by securities law. No finder's fees were paid. Share issuance costs in connection with legal advice and filing fees amounted to $9,896.

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components. The fair value of the common shares was determined by using the trading price of the Company's shares at the date of issuance. The excess of the unit price over the fair value of the common shares was used to determine the residual value. The residual value was allocated between warrants and the flow through liability by using their relative fair values as determined by the Black-Scholes option pricing model and the approximate expected tax benefit received by the investor, respectively. The parameters used in the Black Scholes calculations were as follows: expected volatility: 117.2%, risk-free interest rate: 0.24%, dividend yield: 0%, and expected life of two years.

The residual value of the unit offering after deducting the fair value of the common shares was $296,000 or $0.037 per share, of which $82,145 and $213,855 was allocated to the corresponding investors' warrants and flow-through premium liability, respectively. This flow-through premium liability will be derecognized as deferred flow-through tax recovery in the Company's consolidated statement of loss and comprehensive as the Company incurs the $1,126,000 raised through the 2021 FT units in qualifying expenses.

The Company received final TSX Venture Exchange approval on March 9, 2021.

6. **Share capital** (continued)

a) Common Shares (continued)

During the year ended December 31, 2020, the Company closed a flow-through private placement at a price of $0.075 per unit ("2020 FT Unit"). Each 2020 FT Unit was comprised of one common share of the Company that qualifies as a "flow-through share" for the purposes of the Income Tax Act (Canada) (an "2020 FT Unit Share") and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional non-flow-through common share at an exercise price of $0.12 for a period of 18 months, subject to the following acceleration provision: if at any time after 4 months from the date of issue of the warrants the closing market price of the Company's common shares on the TSX Venture Exchange is greater than $0.35 per share for 20 consecutive trading days (the "Triggering Event"), the Company may, within 5 days of the Triggering Event, accelerate the expiry date of the warrants by giving notice thereof to the holders of the warrants, by way of press release, in which event the warrants will expire on the 30th day after the date on which such notice is given.

The private placement closed in two tranches: the first closing on August 11, 2020, by issuing 2,569,999 units for gross cash proceeds of $192,750, and the second and final closing on September 30, 2020, issuing an additional 550,000 units for additional gross cash proceeds of $41,250.

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components. The fair value of the common shares was determined by using the trading price of the Company's shares at the date of issuance. The excess of the unit price over the fair value of the common shares was used to determine the residual value. The residual value was allocated between warrants and the flow through liability by using their relative fair values as determined by the Black-Scholes option pricing model and the approximate expected tax benefit received by the investors, respectively.

The residual value of the unit offering after deducting the fair value of the common shares was $25,700 or $0.01 per share for the first tranche, of which $6,146 and $19,554 was allocated to the corresponding investors' warrants and flow-through premium liability, respectively. This flow-through premium liability was derecognized as deferred flow-through tax recovery in the Company’s consolidated statement of loss and comprehensive loss on December 31, 2020, as the Company incurred the $234,000 raised through the 2020 FT units in qualifying expenses.

The flow-through feature of the flow-through shares corresponding to the second tranche was valued at $nil. The corresponding warrants were also valued at $nil.

The Company paid finder's fees of 6% cash and 6% finder's warrants on a portion of the private placement. The cash finder’s fees, and other cash costs related to the offering, such as legal and filing fees, were charged to share issuance costs for a total of $18,895. In addition, the fair value of the finders’ warrants was calculated at $1,500 (note 7(b), below) and charged to share issuance costs.

The Company received final TSX Venture Exchange approval on October 7, 2020.

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

b) Share Purchase Warrants

A summary of the warrants outstanding is as follows:

	Three months ended June 30, 2021		Year ended December 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
	#	$	#	$
Starting balance	1,617,000	0.18	-	-
Issued to investors	9,000,002	0.19	1,560,000	0.18
Issued to agents	-	-	57,000	0.12
Exercised by investors	(643,333)	0.12	-	-
Exercised by agents	(19,500)	0.12	-	-
Ending balance	9,954,169	0.20	1,617,000	0.18

As at June 30, 2021, the following share purchase warrants are outstanding:

Issue date	Type of warrants	Expiry date	Exercise price	Warrants outstanding
			$	#
August 11, 2020	Investor warrants	February 11, 2022	0.12	716,667
August 11, 2020	Agent warrants	February 11, 2022	0.12	13,500
September 30, 2020	Investor warrants	March 31, 2022	0.12	200,000
September 30, 2020	Agent warrants	March 31, 2022	0.12	24,000
March 8, 2021	Investor warrants	March 8, 2023	0.15	4,000,000
June 3, 2021	Investor warrants	June 3, 2023	0.23	5,000,002
			0.19	9,954,169

The fair value of the warrants issued to investors, was discussed above in note 7(a) for each of the respective private placements.

The fair value of the warrants issued to agents was calculated at $1,500 using the Black Scholes option pricing model with the following parameters: for the 33,000 agent warrants issued on August 11, 2020, expected volatility of 113.02%, risk-free interest rate of 0.26%. For the 24,000 agent warrants issued on September 30, 2020, expected volatility of 113.82%, risk-free interest rate of 0.31%.

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

c) Stock Options

The Company has a stock option plan in place authorizing the granting of stock options to qualified optionees to purchase a total of up to 10% of the then issued and outstanding common shares of the Company. Stock options generally are granted for a maximum term of five years and expire 90 days following the termination of the optionee's agreement. The exercise price for the options is set at the closing market price of the common shares on the grant date. The vesting periods of options vary with terms determined by the board of directors. The following options were granted pursuant to the Company's stock option plan:

- On March 17, 2020, the Company granted an aggregate of 750,000 fully vested stock options to certain directors and a consultant. Each stock option is exercisable into one common share of the Company at an exercise price of $0.05 per common share for a period of five years.
- On July 21, 2020, the Company granted 200,000 incentive stock options to an investor relations consultant pursuant to an agreement entered into on July 1, 2020, and expiring on November 30, 2020. The stock options will be exercisable for two years at an exercise price per share of $0.05. The Options will vest in stages over 12 months with 25% vesting each quarter following the date of granting.
- On October 22, 2020, the Company granted 350,000 fully vested incentive stock options to certain officers of the Company, exercisable into one common share of the Company at a price of $0.075 per share for a period of five years.
- On March 9, 2021, the Company granted 850,000 stock options to two directors and to an investor relations consultant, exercisable into one common share of the Company at a price of $0.105 per share for a period of five years. Of the total amount, 650,000 were granted to two directors fully vested; the remaining 200,000 options granted to the investor relations consultant will vest 25% every quarter over a period of one year.

The Company applies the fair value method of accounting for stock options. Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The fair value of options granted was estimated at the grant date based on the *Black-Scholes* option-pricing model, using the following assumptions:

Date of grant	March 9, 2021	October 22, 2020	July 21, 2020	March 16, 2020
Number of options granted	850,000	350,000	200,000	750,000
Risk-free interest rate	0.91%	0.36%	0.27%	0.93%
Expected share price volatility	112.23%	114.87%	117.38%	119.93%
Expected option life in years	5	5	2	5
Calculated fair value	$ 70,969	$ 21,072	$ 8,405	$ 17,439
Expected dividend yield	Nil	Nil	Nil	Nil

(Unaudited - Expressed in Canadian dollars)

6. **Share capital** (continued)

c) Stock Options (continued)

Stock option transactions and the number of stock options outstanding and exercisable are summarized below:

Period ended:	June 30, 2021		December 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	#	$	#	$
Balance, beginning of year	3,355,000	0.06	3,060,000	0.06
Granted	850,000	0.05	1,300,000	0.05
Expired unexercised	-	0.05	(1,005,000)	0.05
Balance, end of period	4,205,000	0.06	3,355,000	0.06
Exercisable, end of period	3,905,000	0.06	3,205,000	0.06

Stock options exercisable are as follows:

Expiry date	Exercise price	June 30, 2021	December 31, 2020
	$	$	$
July 21, 2021	0.080	100,000	100,000
August 12, 2021	0.080	40,000	40,000
November 30, 2021	0.080	275,000	275,000
June 16, 2022	0.060	340,000	340,000
July 21, 2022	0.050	100,000	50,000
January 12, 2023	0.060	200,000	200,000
November 1, 2023	0.065	200,000	200,000
January 4, 2024	0.050	900,000	900,000
March 16, 2025	0.050	750,000	750,000
October 22, 2025	0.075	350,000	350,000
March 9, 2026	0.105	650,000	-
	0.067	3,905,000	3,205,000

See note 13, *Subsequent events*

7. **Government grants and tax credits**

During the six months ended June 30, 2021, the Company received $76,269 (2020 - $nil) as part of the British Columbia Mining Exploration Tax Credit (“BCMETC”) corresponding to expenditures made during 2019 in the Company’s projects located in British Columbia.

(Unaudited - Expressed in Canadian dollars)

8. Related parties

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

The Company has no compensation arrangements with its board of directors other than non-cash stock option grants. The Company has no termination benefits, post-employment benefits and other long-term benefits in place except for its executive officers where certain minimum termination payments and change-of-control provisions apply. Key management includes the board of directors and executive officers. Executive officers include the Chairman, the President & CEO, and the CFO.

Compensation awarded to key management is listed below:

	Three months ended June 30		Six months ended June 30	
	2021	2020	**2021**	2020
	$	$	**$**	$
Management fees paid to a company controlled by the Executive Chairman of the Company *	**24,000**	24,000	**48,000**	48,000
Salary paid to the CEO of the Company	**24,000**	-	**62,125**	-
Management fees paid to a company controlled by the CFO of the Company	**11,000**	9,000	**26,000**	18,000
Share-based payments recorded for stock options granted to directors and officers of the Company (non-cash expense)	**54,270**	10,464	**54,270**	10,464
	113,270	43,464	**190,395**	76,464

* A percentage of the Executive Chairman's compensation is charged to exploration and evaluation costs

No amounts were due to related parties at June 30, 2021 or December 31, 2020.

In addition, with respect to the option agreement for the purchase of the Spius property (Note 5(d)(i)). The underlying vendors of this property include a company where a director of the Company owns a 25% interest.

9. Capital management

The Company's objective in managing its capital is to maintain the ability to continue as a going concern and to continue to explore the various properties for the benefits of its shareholders. The Company's operations have been and will continue to be funded by the sale of equity to investors.

The Company's capital includes the components of shareholders' equity. Capital requirements are driven by the Company's exploration activities on its mineral property interests and associated administration expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals.

The Company monitors actual expenses relative to the approved budget on all exploration projects and overheads to manage costs, commitments and exploration activities. There were no changes in the Company's approach to capital management during the six months ended June 30, 2021 or the year ended December 31, 2020.

10. Financial instruments

Fair values

As at June 30, 2021, the recorded amounts for cash, other receivables and trade payable and accrued liabilities approximate their fair values due to their short maturity. The Company's marketable securities and warrants are measured at fair value on a recurring basis. These financial instruments are grouped into Level 1 to 3 based on the degree to which the significant inputs used to determine the fair value are observable. Marketable securities are classified within level 1 of the fair value hierarchy as their fair value measurement is derived from quoted prices in active markets for identical assets. Warrants are classified within level 2 of the fair value hierarchy as their fair value measurement is derived from inputs other than quoted prices included within level 1, that are observable either directly or indirectly. No financial instruments were considered level 3, which are fair value measurements derived from valuation techniques that include significant inputs that are not based on observable market data.

Interest rate risk

The Company's cash held in financial institutions earns interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a material impact on the expected cash flows.

Credit risk

The Company has its cash deposited with large, federally insured, commercial financial institutions, and therefore exposed to minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. At June 30, 2021, the Company had cash of $2,786,462 (December 31, 2020 - $628,720), trade payable and accrued liabilities of $118,935 (December 31, 2020 - $103,905), and a lease liability of $49,952 (December 31, 2020 - $48,541) (note 11).

10. Financial instruments (continued)

Currency risk

The Company keeps approximately less than 1% of its cash in US dollars. A change in the value of the US dollar by 10% relative to the Canadian dollar would have minimal effect on the Company's working capital.

Price risk

The Company is exposed to price risk on its marketable securities and warrants due to fluctuations in the current market prices and fluctuations in trading volumes of those securities. At June 30, 2021, the Company held marketable securities with a fair value of $55,400 (December 31, 2020 - $42,700). These investments are subject to market price fluctuations that can be significant.

11. Right-of-use asset and lease liability

The Company recognizes lease liabilities in relation to a sublease agreement for office space. These liabilities are measured at the present value of the remaining lease payments starting on January 1, 2019, discounted by using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019, was 10%. The associated lease liability recognized as at January 1, 2019, was $44,041.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on January 1, 2019. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The original lease expired on August 31, 2020. On September 1, 2020, the Company entered into a new sublease agreement, using the same methodology. The weighted average incremental borrowing rate applied to the lease liabilities on September 1, 2020, was 10%. The associated lease liability discounted with the incremental borrowing rate recognized as at September 1, 2020, was $52,967.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application, and lease liabilities recognized in the condensed consolidated interim statement of financial position at the date of initial application:

(Unaudited - Expressed in Canadian dollars)

11. Right-of-use asset and lease liability (continued)

Lease liability		$
Lease liability as at December 31, 2019		15,417
Lease payments		(15,870)
Lease interest		453
Lease liability as at June 30, 2020		-
Setup of new lease agreement on September 1, 2020	63,480	
Discount using the incremental borrowing rate at September 1, 2020	(6,161)	
Value of lease as at September 1, 2020	57,319	**57,319**
Lease payments		(10,580)
Lease interest		1,802
Lease liability as at December 31, 2020		48,541
Setup of new lease agreement on April 1, 2021	19,550	
Lease interest	(1,392)	
Value of lease as at April 1, 2021	18,158	**18,158**
Lease payments		(19,320)
Lease interest		2,573
Lease liability as at June 30, 2021		**49,952**
Current portion		42,105
Long-term portion		7,847
		49,952

Right-of-use asset	$
Value of right-of-use asset as December 31, 2019	17,616
Amortization	(13,212)
Value of right-of-use asset as at June 30, 2020	4,404
Setup of new right-of-use asset on September 1, 2020	57,319
Amortization	(13,956)
Value of right-of-use asset as at December 31, 2020	47,767
Setup of new right-of-use asset on April 1, 2021	18,158
Amortization	(17,534)
Value of right-of-use asset as at June 30, 2021	**48,391**

(Unaudited - Expressed in Canadian dollars)

11. Right-of-use asset and lease liability (continued)

The following table summarizes the value of the right-of-use asset:

Right-of-use asset	$
Value of right-of-use asset as December 31, 2019	17,616
Amortization	(13,212)
Value of right-of-use asset as at June 30, 2020	4,404
Setup of new right-of-use asset on September 1, 2020	57,319
Amortization	(13,956)
Value of right-of-use asset as at December 31, 2020	47,767
Setup of new right-of-use asset on April 1, 2021	18,158
Amortization	(17,534)
Value of right-of-use asset as at June 30, 2021	**48,391**

The payment commitments pursuant to the above lease are as follows:

Schedule of future lease payments:	
	$
Remainder of 2021	22,770
2022	22,770
	45,540

12. Segmented information

The Company has one business segment, the exploration of mineral properties, further subdivided into geographic regions. As at June 30, 2021, and during the year ended December 31, 2020, all of the Company's non-current assets were held in Canada.

13. Subsequent events

a) Additional shares issued for acquisition of RDP claim

On July 7, 2021, the Company issued 100,000 common shares at a fair value of $0.22 per share

b) Stock options grant

On July 15, 2021, the Company granted an aggregate of 1,100,000 stock options to directors, officers, employees and certain consultants, pursuant to the Company's stock option plan and the policies of the TSX Venture Exchange. Each option is exercisable into one common share of the Company at a price of $0.25 per share for a period of five years from this date. An aggregate of 200,000 of those stock options will vest 25% each quarter during a 12-month period, while the remaining options were granted fully vested.

c) Shares issued on exercise of stock options

On July 19, 2021, the Company issued 140,000 common shares to a director of the Company on exercise of stock options with an exercise price of $0.08 per share for cash proceeds of $11,200.

* * * * *