
BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
APRIL 30, 2021 AND 2020
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	April 30, 2021	October 31, 2020
ASSETS			
Current assets			
Cash		\$ 407,897	\$ 17,036
Receivables	4	10,051	4,945
Prepaid expenses		3,214	7,310
Total current assets		421,162	29,291
Non-current assets			
Reclamation deposits		11,600	11,600
Right-of-use asset	5	44,653	53,891
Exploration and evaluation assets	6	4,743,246	4,350,536
Total non-current assets		4,799,499	4,416,027
TOTAL ASSETS		\$ 5,220,661	\$ 4,445,318
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 34,130	\$ 158,341
Due to related party	11	-	30,136
Loan payable to related party	7	-	160,000
Lease liability	5	25,521	22,407
Total current liabilities		59,651	370,884
Non-current liabilities			
Lease liability	5	22,407	34,077
Total non-current liabilities		22,407	34,077
Total liabilities		82,058	404,961
SHAREHOLDERS' EQUITY			
Share capital	8	28,203,309	26,938,050
Shares subscribed	14	50,000	-
Equity reserves	8	4,517,255	4,222,566
Deficit		(27,631,961)	(27,120,259)
Total shareholders' equity		5,138,603	4,040,357
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 5,220,661	\$ 4,445,318

Nature of operations (Note 1)
Subsequent events (Note 14)

"Michael S. Carr"

Michael S. Carr, Director

"George W. Sanders"

George W. Sanders, Director

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS)
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	Three months ended April 30		Six months ended April 30	
		2021	2020	2021	2020
EXPENSES					
Amortization	5	\$ 4,619	\$ 5,058	\$ 9,239	\$ 9,935
Foreign exchange		1,748	(219)	2,451	(94)
Gain on settlement of accounts payable and due to related party	11	-	-	-	(301,015)
Gain on settlement of loan from related party	7	-	-	-	(69,626)
Interest expense	7	931	817	2,648	5,518
Management fees	11	30,000	7,500	60,000	15,000
Office and printing		15,757	7382	21,265	16,121
Professional fees	11	25,330	15,213	58,483	32,636
Project investigation		4,671	244	4,671	244
Regulatory fees		8,451	8,349	8,451	9,702
Settlement of flow-through share liability	9	-	-	-	(31,875)
Share based compensation	8,11	-	-	303,599	-
Shareholder information		18,923	3,641	29,140	5,620
Transfer agent and filing fees		3,186	5,547	5,157	6,497
Write-down of exploration and evaluation assets, net of recoveries		-	(9,197)	6,598	85,726
Income (loss) and comprehensive income (loss) for the period		\$ (113,616)	\$ (44,335)	\$ (511,702)	\$ 215,611
Basic and diluted income (loss) per share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ 0.00
Weighted average number of common shares outstanding – basic and diluted		67,665,501	45,464,232	63,885,782	43,467,050

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the Six Months Ended April 30,
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	2021	2020
Cash flows from operating activities		
Income (loss) for the period	\$ (511,702)	\$ 215,611
Items not involving cash:		
Amortization	9,238	9,935
Interest expense	2,648	5,518
Gain on settlement of accounts payable and due to related party	-	(301,015)
Gain on settlement of loan from related party	-	(69,626)
Settlement of flow-through share liability	-	(31,875)
Share based compensation	303,599	-
Write-down of exploration and evaluation assets	6,598	85,726
Write-off of due to related party	-	-
Changes in non-cash working capital items:		
Prepaid expenses	4,096	(3,495)
Receivables	(5,106)	1,440
Accounts payable and accrued liabilities	(98,788)	22,863
Due to related party	(30,136)	13,125
	(319,553)	(51,793)
Cash flows from investing activities		
Exploration and evaluation asset expenditures	(404,731)	(78,186)
Cost recoveries	-	24,457
	(404,731)	(53,729)
Cash flows from financing activities		
Private placements	1,040,400	95,625
Share issuance costs	(29,655)	(1,591)
Shares subscribed	50,000	50,000
Stock options exercised	112,500	-
Warrants exercised	113,104	-
Lease payments	(11,204)	(11,204)
Repayment of loan from related party	(160,000)	-
	1,115,145	132,830
Change in cash	390,861	27,308
Cash, beginning	17,036	391
Cash, end	\$ 407,897	\$ 27,699

Supplemental disclosure with respect to cash flows (Note 10).

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Commitment to issue shares	Shares subscribed	Equity reserves	Deficit	Total
Balance – October 31, 2019	38,897,049	\$26,693,123	\$ -	\$ 25,000	\$ 4,175,961	\$ (27,190,888)	\$ 3,703,196
Private placements	3,550,000	120,625	-	(25,000)	-	-	95,625
Shares subscribed	-	-	-	50,000	-	-	50,000
Share issuance costs	-	(1,895)	-	-	304	-	(1,591)
Flow-through premium liability	-	(31,875)	-	-	-	-	(31,875)
Debt settlements	3,481,365	-	104,442	-	-	-	104,442
Income for the period	-	-	-	-	-	215,611	215,611
Balance – April 30, 2020	45,928,414	\$26,779,978	\$ 104,442	\$ 50,000	\$ 4,176,265	\$ (26,975,277)	\$ 4,135,408
Balance – October 31, 2020	47,456,985	\$26,938,050	\$ -	\$ -	\$ 4,222,566	\$ (27,120,259)	\$ 4,040,357
Private placements	17,340,000	1,040,400	-	-	-	-	1,040,400
Share issuance costs	-	(59,266)	-	-	29,611	-	(29,655)
Share subscriptions	-	-	-	50,000	-	-	50,000
Shares issued for warrants exercised	1,677,571	113,104	-	-	-	-	113,104
Shares issued for stock options exercised	1,250,000	151,021	-	-	(38,521)	-	112,500
Shares issued for property payments	100,000	20,000	-	-	-	-	20,000
Share based payments	-	-	-	-	303,599	-	303,599
Loss for the period	-	-	-	-	-	(511,702)	(511,702)
Balance – April 30, 2021	67,824,556	\$28,203,309	\$ -	\$ 50,000	\$ 4,517,255	\$ (27,631,961)	\$ 5,138,603

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

BITTERROOT RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended April 30, 2021 and 2020
(Unaudited – Prepared by Management)
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1. NATURE OF OPERATIONS

Bitterroot Resources Ltd. (the “Company”) is in the exploration stage and its principal business activity is the sourcing and exploration of resource properties.

The Company was incorporated on March 13, 1951 under the Laws of British Columbia, Canada. The Company’s head office address is Suite 206-B – 1571 Bellevue Avenue, West Vancouver, BC, V7V 1A6, Canada and its registered office address is Suite 1130 – 400 Burrard Street, Vancouver, BC, V6C 3A6, Canada. The Company is listed on the TSX Venture Exchange (“Exchange”) under the symbol “BTT”.

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends on its ability to raise adequate financing and to develop profitable operations. The Company had working capital of \$361,511 at April 30, 2021 (October 31, 2020 – deficiency of \$341,593). As of April 30, 2021, the Company had accumulated deficit of \$27,631,961.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints, which may hinder the successful development of the property. To date, the Company has not earned any revenues. The Company expects to incur further losses in the development of its business. During the period ended April 30, 2021, the Company closed a private placement and raised gross proceeds of \$1,040,400. The Company estimates it has sufficient working capital to continue operations for this fiscal year.

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars, which is the functional currency, unless otherwise indicated.

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, have adversely affected workforces, economies, and financial markets globally, which lead to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

2. BASIS OF PREPARATION

Statement of compliance and basis of measurement

These unaudited condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed consolidated interim financial statements were approved for issuance by the Board of Directors on June 28, 2021.

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2. BASIS OF PREPARATION (cont'd)

Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share based payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Exploration and evaluation assets

Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its subsidiaries is the Canadian dollar.

Going concern

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed consolidated interim financial statements.

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3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company, and its wholly owned subsidiaries Trans Superior Resources, Inc. and Voyageur Lands Corporation, both of which are holding companies incorporated in Michigan, USA. All significant inter-company balances and transactions have been eliminated upon consolidation.

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at October 31, 2020. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2020.

4. RECEIVABLES

The Company's receivables arise from goods and services tax ("GST") receivable due from the Canadian taxation authorities.

	April 30, 2021	October 31, 2020
GST receivable	\$ 10,051	\$ 4,945

5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The change in the right-of-use asset during the period ended April 30, 2021 was as follows:

Balance – October 31, 2019	\$ -
Initial adoption of IFRS 16	72,369
Amortization	(18,478)
Balance – October 31, 2020	53,891
Amortization	(9,238)
Balance – April 30, 2021	\$ 44,653

The change in the lease liability during the period ended April 30, 2021 was as follows:

Balance – October 31, 2019	\$ -
Initial adoption of IFRS 16	72,369
Lease payments made	(22,407)
Interest expense	6,522
Balance – October 31, 2020	56,484
Lease payments made	(11,204)
Interest expense	2,648
	47,928
Less: current portion	(25,521)
Balance – April 30, 2021	\$ 22,407

Future lease payments are as follows for the periods ending October 31:

2021	\$18,182
2022	\$22,407
2023	\$20,540

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6. EXPLORATION AND EVALUATION ASSETS

	Michigan Lands, Michigan, USA	Coyote Sinter Property, Nevada, USA	Castle West, Nevada, USA	North Brenda Property, BC, Canada	Total
Balance – October 31, 2019	\$ 4,138,078	\$ -	\$ 33,514	\$ -	\$ 4,171,592
Acquisition costs - cash	-	13,575	-	-	13,575
Acquisition costs - shares	-	5,000	-	-	5,000
Claims, leases and permits	8,712	14,801	6,336	-	29,849
Consulting and professional	50,846	5,101	15,874	-	71,821
Drilling	265,328	-	-	91,111	356,439
Field supplies	313	-	323	-	636
Geochemistry	4,669	2,339	-	3,619	10,627
Geophysics	125,009	-	6,198	-	131,207
Ground transportation	2,963	613	112	24	3,712
Legal	99	-	342	-	441
Other	626	528	610	147	1,911
Room and board	13,490	88	1,802	-	15,380
Travel and freight	1,315	-	2,693	103	4,111
Expenditures during the year	473,370	42,045	34,290	95,004	644,709
Write-down of exploration and evaluation assets	-	-	-	(95,004)	(95,004)
Recovery of costs	(370,761)	-	-	-	(370,761)
Balance – October 31, 2020	4,240,687	42,045	67,804	-	4,350,536
Acquisition costs - cash	20,326	12,782	38,299	-	71,407
Acquisition costs - shares	20,000	-	-	-	20,000
Claims, leases and permits	159	1,080	-	-	1,239
Consulting and professional	57,714	6,217	2,531	-	66,462
Drilling	425,632	-	-	-	425,632
Field supplies	1,314	-	-	-	1,314
Geochemistry	1,710	-	-	-	1,710
Geophysics	13,635	19,763	-	-	33,398
Ground transportation	5,040	-	-	-	5,040
Other	696	819	-	-	1,515
Room and board	4,300	-	-	-	4,300
Travel & Freight	2,065	-	-	-	2,065
Expenditures during the period	552,591	40,661	40,830	-	634,082
Recovery of costs	(241,372)	-	-	-	(241,372)
Balance – April 30, 2021	\$ 4,551,906	\$ 82,706	\$ 108,634	\$ -	\$ 4,743,246

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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6. EXPLORATION AND EVALUATION ASSETS (cont'd)

Title to exploration and evaluation assets involves certain inherent risks due to difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to its exploration and evaluation assets and to the best of its knowledge, title to its exploration and evaluation assets are in good standing.

Michigan Lands, Michigan, U.S.A.

During the year ended October 31, 2015, a subsidiary of Altius Minerals Corporation acquired a 50.1% interest in the Company's Michigan Lands by funding \$600,000 of exploration expenditures. Altius has the right to acquire an additional 19.9% of the properties by completing \$2.5 million in exploration spending by September 29, 2021, plus the right to acquire an additional 10% of the properties by completing exploration spending of a further \$5,000,000 or completing an NI 43-101 compliant pre-feasibility study on a mineral resource on the properties, before September 29, 2025. The Company also granted to Altius a 2% net smelter returns royalty ("NSR") on the Voyageur Lands (covering approximately 250 square miles of mineral rights) and assigned to Altius its right to repurchase a 1% NSR held by a third party on the Copper Range Lands by paying \$1,000,000 U.S. to the third party before December 31, 2048. During the year ended October 31, 2019, the Company sold its 49.9% interest in 30 acres of Copper Range Lands for \$82,758 (\$62,375 USD); the amount is recognized in recovery of costs.

Mineral Rights Leased from the State of Michigan

During the year ended October 31, 2016, the Company (49.9%) and Altius (50.1%) acquired State of Michigan metallic minerals leases covering 3,051 acres. A cash bond of US\$30,000 has been posted by a subsidiary of Altius.

LM Property

The Company's Michigan subsidiary, Trans Superior Resources, Inc., leases 40 acres of minerals rights in Baraga County, Michigan, known as the LM Property. The lessors have granted the Company the option to reduce the current 3% NSR to a 2% NSR by paying US\$1,000,000 prior to December 31, 2064. The 2020 advance royalty payment is US\$150/acre (paid). The advance royalty payments increase by \$10/acre/year. The LM Property is not subject to the joint venture with Altius.

During the year ended October 31, 2020, the Company, through its US subsidiary Trans Superior Resources, Inc., entered into an option/joint venture agreement whereby Below Exploration, Inc., ("Below") a private Michigan corporation, could earn a 49% joint venture interest in the Company's 100%-leased LM nickel-copper-platinum-palladium property in Baraga County, Michigan. During the year ended October 31, 2020, Below funded \$370,061 (US\$285,000) of exploration expenditures prior to the first anniversary of the agreement and earned a 49% joint venture interest. The Company is the project operator, regardless of its ownership level, and retains a right of first refusal over Below's property interest. Following vesting of its 49% interest, Below had a 90-day option to convert its interest in the project into the Company's shares. Below did not exercise the share conversion option and the joint venture is continuing.

North Brenda Property, BC, Canada

The Company owned a 100% interest in certain claims located on the North Brenda Property. During the year ended October 31, 2019, the Company drilled three holes on the southwest portion of the North Brenda Property and has since capitalized \$81,198 of exploration and evaluation costs. As at October 31, 2019, a reclamation deposit totalling \$9,100 was held by the BC Ministry of Energy and Mines Petroleum Resources through a term deposit. During the year ended October 31, 2020, the Company wrote down exploration and evaluation costs of \$94,922 related to the property. During the six-month period ended April 30, 2021, the claims expired.

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6. EXPLORATION AND EVALUATION ASSETS (cont'd)

Coyote Sinter Property, Nevada, U.S.A.

During the year ended October 31, 2020, the Company, through its US subsidiary Trans Superior Resources, Inc., entered into a mining lease, with an option to purchase, with Geological Services, Inc on the 13- claim Coyote Sinter gold/silver project in Elko County, Nevada. In the period ended April 30, 2021, and prior to sale of Geologic Services, Inc. to a third party, the vendor's claims were transferred to a new company, GoldPlay LLC ("GoldPlay"), which is controlled by the original vendor. The Company is required to make the following advance minimum royalty ("AMR") payments and share issuances to GoldPlay:

- (i) US\$10,000 (paid) and the issuance of 100,000 common shares within 10 days of the TSX-V approval date, August 4, 2020 (the "Approval Date") (issued).
- (ii) US\$10,000 (paid) on the 6-month anniversary of the Approval Date;
- (iii) US\$30,000 and the issuance of 100,000 common shares in the capital of the Company on or before the first annual anniversary of the Approval Date;
- (iv) US\$40,000 and the issuance of 50,000 common shares in the capital of the Company on or before the second annual anniversary of the Approval Date;
- (v) US\$60,000 and the issuance of 50,000 common shares in the capital of the Company on or before the third annual anniversary of the Approval Date;
- (vi) US\$100,000 on or before the fourth annual anniversary of the Approval Date;
- (vii) US\$125,000 on or before the fifth annual anniversary of the Approval Date;
- (viii) US\$125,000 on or before each annual anniversary of the Approval Date after the fifth anniversary as long as the agreement remains in effect, adjusted for inflation from that date.

At any time while the agreement remains in effect, the Company has the exclusive right and option to purchase the Coyote Sinter property from GoldPlay by paying US \$2,000,000, less the sum of all AMR payments already paid to GoldPlay, up to the date of exercise. GoldPlay will retain a 2% NSR, less previous AMR payments, on the Coyote Sinter property and on any Company-located federal mining claims within a 1 mile area of interest ("AOI"). The Company has the option to purchase 1% of the NSR for US\$2,000,000. GoldPlay will also retain a 1% NSR on any mineral rights acquired from 3rd parties within the AOI. The Company has the option to purchase 0.5% of this 1% NSR for US\$500,000. The royalty purchase options are exercisable at any time prior to commercial production.

Castle West Property, Nevada, U.S.A.

During the year ended October 31, 2019, the Company, through its US subsidiary Trans Superior Resources, Inc., entered into an option agreement with Ely Gold Royalties Inc. and its subsidiary Nevada Select Royalty Inc. ("Ely Gold"), to purchase a 100% interest in the Castle West gold/silver property in Esmeralda County, Nevada. The Castle West property is comprised of 34 unpatented mining claims and three leased unpatented claims. Under the terms of the agreement, the Company has paid Ely Gold US\$1,000. During the year ended October 31, 2020, the terms of the option agreement were changed due to the Company's inability to access and explore the Castle West property due to the State of Nevada's COVID-19 related legislation. Under the amended option terms, the Company paid Ely Gold US\$15,000 on December 11, 2020. On, or prior to each of the second, third and fourth anniversaries of December 11, 2020 the Company will pay US\$40,000. A final payment of US\$105,000 will be made on the fifth anniversary for the conveyance of the 100% interest in the Property. Following exercise of the option agreement with Ely Gold, the Company will make minimum advance royalty payments of US\$5,000 on the first and second anniversaries of exercising the option and US\$10,000 on subsequent anniversaries. Ely Gold will retain a 3% NSR on the 34 claims it staked. The Company has the right to buy down 1% of this NSR for a payment of US\$1,000,000. Upon the exercise of the option, the Company will be assigned the three-claim lease and Ely Gold will retain a 1% NSR on these claims.

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7. LOAN PAYABLE TO RELATED PARTY

During the year ended October 31, 2018, the Company received loan proceeds of \$45,000 from a non-arm's length party. During the year ended October 31, 2020, the Company accrued interest expense of \$6,480 (2019 - \$5,578). The loan and accrued interest of \$51,480 was settled in full during the year ended October 31, 2020, through the issuance of 1,029,600 common shares valued at \$30,888 on the date of issuance. The Company recognized a gain on settlement of loan from related party of \$20,592 on the statement of income (loss) and comprehensive income (loss) for the year ended October 31, 2020.

During the period ended April 30, 2021, the Company received loan proceeds of \$nil (year ended October 31, 2020 - \$160,000) from a non-arm's length party. The loans were repaid in full during the period ended April 30, 2021.

8. SHARE CAPITAL AND EQUITY RESERVES

The authorized share capital consists of an unlimited number of common shares without par value.

As at April 30, 2021, the Company had 67,824,556 shares issued and outstanding.

During the period ended April 30, 2021, the Company:

- (i) closed a non-brokered private placement of 17,340,000 units priced at \$0.06 per unit for gross proceeds of \$1,040,400. Each unit consists of one common share and one half of a common share purchase warrant, exercisable at \$0.12 for two years from the date of issuance. Finder's fees and other share issuance costs paid in conjunction with the private placement consisted of \$29,655 and the issuance of 329,400 broker warrants at a fair value of \$29,611 exercisable at \$0.12 for two years from the date of issuance.
- (ii) issued 1,677,571 shares for warrants exercised for total proceeds of \$113,104;
- (iii) issued 1,250,000 shares for stock options exercised for total proceeds of \$112,500 and
- (iv) issued 100,000 shares for a property option payment and recorded at a fair value of \$20,000.

During the year ended October 31, 2020:

- (i) closed a non-brokered private placement of 1,425,000 shares priced at \$0.025 per unit for gross proceeds of \$35,625 and 2,125,000 flow-through shares priced at \$0.04 for gross proceeds of \$85,000. Finder's fees paid in conjunction with the private placement consist of \$560 in cash and the issuance of 14,000 broker warrants at a fair value of \$304, exercisable at \$0.05 for two years from the date of issuance.
- (ii) issued 3,481,365 shares to settle amounts included in accounts payable, due to related party and loan payable to related party totalling \$174,068 and recorded a gain of \$69,626 on the settlements.
- (iii) closed a non-brokered private placement of 1,428,571 units priced at \$0.035 per unit for gross proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at and exercise price of \$0.06 until May 8, 2022. No finder's fees were paid with respect to the private placement.
- (iv) Issued 100,000 shares for property option payments recorded at \$0.05 per share.

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8. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – October 31, 2019	1,170,600	\$ 0.11
Issued	1,442,571	0.06
Balance – October 31, 2020	2,613,171	0.08
Issued	8,999,400	0.12
Exercised	(1,677,571)	0.07
Balance – April 30, 2021	9,935,000	\$ 0.12

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

Expiry Date	Number of Warrants	Exercise Price
May 14, 2021	721,600	\$ 0.11
June 19, 2021	200,000	0.11
November 14, 2021	14,000	0.05
December 3, 2022	8,999,400	0.12
	9,935,000	\$ 0.12

The weighted average fair value of each finders' warrant issued during the period ended April 30, 2021 and 2020 was \$0.12 (2020 - \$0.05), calculated using the Black-Scholes option-pricing model on the issue date using the following weighted average assumptions:

	Six months ended April 30, 2021	Year ended October 31, 2020
Volatility	184.66%	173.62%
Risk-free interest rate	0.26%	1.53%
Expected life	2 years	2 years

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8. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

Stock options

The Company, in accordance with the policies of the Exchange, has a stock option plan in place under which it is authorized to grant options to directors, employees, and consultants, to acquire up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of each option equals the market 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. Pursuant to the stock option plan, vesting restrictions may be applied to certain other options grants, at the discretion of the directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number Of Options	Weighted Average Exercise Price
Balance – October 31, 2019	3,200,000	\$ 0.15
Forfeited	(280,000)	0.20
Granted	1,350,000	0.05
Balance – October 31, 2020	4,270,000	0.11
Expired	(200,000)	0.10
Exercised	(1,250,000)	0.09
Granted	2,000,000	0.16
Balance – April 30, 2021	4,820,000	\$ 0.14

As at April 30, 2021, the following stock options were outstanding and exercisable:

Number of Options	Exercise Price (\$)	Expiry Date
150,000	0.10	January 16, 2022
670,000	0.32	April 20, 2022
900,000	0.08	March 1, 2023
1,100,000	0.05	May 19, 2025
2,000,000	0.16	January 4, 2026
4,820,000		

The weighted average fair value of each stock option granted during the period was \$0.16 (2020 - \$Nil), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Six months ended April 30, 2021	Year ended October 31, 2020
Volatility	173.98%	173.90%
Risk-free interest rate	0.39%	0.42%
Dividend yield	-	-
Forfeiture rate	-	-
Expected life	5.00 years	5.00 years

Share based compensation

Total share-based payments recognized for stock options granted during the period ended April 30, 2021 was \$303,599 (2020 - \$Nil).

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9. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance at October 31, 2019	-
Liability incurred on flow-through shares issued	31,875
Settlement of flow-through share premium liability on expenditures incurred	<u>(31,875)</u>
Balance at October 31, 2020 and April 30, 2021	\$ -

During the year ended October 31, 2020, the Company issued flow-through shares and estimated the value of the flow-through premium associated with those shares to be \$31,875. As at October 31, 2020 and April 30, 2021, the Company had \$Nil of flow-through obligations remaining.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended April 30, 2021 included:

- (a) Included in exploration and evaluation assets is \$15,655 which relates to accounts payable and accrued liabilities.
- (b) Issued 329,400 brokers' warrants with a fair value of \$29,611
- (c) Issued 100,000 shares for a property option payment, recorded at a fair value of \$20,000.
- (d) Transferred \$38,521 to share capital from contributed surplus for 1,250,000 stock options exercised.

Significant non-cash transactions during the year ended October 31, 2020 included:

- (a) Issued 14,000 brokers' warrants with a fair value of \$304.
- (b) Recognized a flow-through share premium liability of \$31,875 on the issuance of flow-through shares.
- (c) Included in exploration and evaluation assets is \$41,078 which relates to accounts payable and accrued liabilities.
- (d) Settled amounts included in accounts payable, due to a related party and loan payable to a related party totaling \$174,069 through the issuance 3,481,365 common shares with a fair value of \$104,442.
- (e) Recognized \$72,369 of right-of use asset as lease liabilities.
- (f) Issued 100,000 shares for the Coyote Sinter Property option payment and recorded \$5,000 in share capital.

11. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

The following is a summary of related party transactions and balances during the six months ended April 30, 2021, not disclosed elsewhere in the condensed consolidated interim financial statements:

- (a) Management fees of \$60,000 (2020 - \$15,000) and professional fees of \$3,250 (2020 - \$Nil) were incurred from a company controlled by a director of the Company;
- (b) Share based compensation include stock options granted to directors and officers recorded at a fair value of \$220,109 (2020 - \$Nil)

As at April 30, 2021, the Company owed \$Nil (October 31, 2020 - \$30,136) in current liabilities to a company controlled by a director for management fees and reimbursable expenses. During the year ended October 31, 2020, the Company settled debt of \$105,588 to this company through the issuance of 2,111,765 common shares, resulting in a gain of \$49,034, and wrote-off amounts due to the company of \$301,015.

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12. SEGMENTED INFORMATION

Industry information

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets.

Geographic information

The Company operated in both Canada and the United States. The Company's reclamation deposits and exploration and evaluation assets are located in the Canada and the United States.

13. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses and private placements or return capital to shareholders. As at April 30, 2021, the Company is not subject to externally imposed capital requirements.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

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 is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts and redeemable guaranteed investment certificates held by high credit quality financial institutions. The Company is not invested in any asset backed commercial paper.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash, receivables and reclamation deposits. The Company limits exposure to credit risk by maintaining its cash and reclamation deposits with high-credit quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The receivables balance consists mainly of GST recoverable. There is ongoing review to evaluate the credit worthiness of these counterparties. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, receivables and reclamation deposits

Currency risk

The Company's operations are in Canada and the United States. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in a foreign currency. The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. A strengthening (weakening) of the Canadian dollar against the US dollar of 10% would not have a significant effect on net loss.

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13. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (cont'd)

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. The Company does not have any variable interest-bearing debt.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Fair value

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 fair value of cash is measured based on level 1 inputs of the fair value hierarchy. The estimated fair value of accounts payable and accrued liabilities, due to related party and loan payable to related party is equal to their carrying values due to the short-term nature of these instruments.

14. SUBSEQUENT EVENTS

Subsequent to the period ended April 30, 2021 the Company:

- Issued 1,065,000 common shares for gross proceeds of \$118,650 related to the exercise of warrants.
- Closed a private placement of 11,195,000 units of the Company at \$0.10 per unit, for aggregate gross proceeds of \$1,119,500. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.20 for a period of two years from the issuance date. The Company has paid the finders' fees of \$12,420 in cash and issued a 124,000 finders' warrants. Each finders' warrants are exercisable to acquire one common share at an exercise price of \$0.20 for a period of two years from the date of issuance.
- Granted 1,350,000 stock options at \$0.17 per share for a period of five years from the date of issuance.