TRIUMPH GOLD CORP.

(An Exploration Stage Corporation)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021

(Unaudited - Prepared by Management)
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with 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 an auditor has not reviewed the financial statements. The accompanying unaudited condensed consolidated 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 Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

VANCOUVER, BC

August 23, 2021

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Condensed Consolidated Statements of Financial Position
(Unaudited - Prepared by Management)
(Expressed in Canadian dollars)

As at	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	2,247,547	4,268,216
Trade and other receivables	27,415	14,828
Prepayments and deposits	336,868	175,501
	2,611,830	4,458,545
Non-current assets		
Right-of-use assets (note 6)	151,254	199,450
Property and equipment (note 3)	30,696	19,711
Investment in equities	1	1
Exploration and evaluation assets (note 4)	3,576,690	3,289,816
	3,758,641	3,508,978
Total assets	6,370,471	7,967,523
LIABILITIES		
Current liabilities		
Trade and other payables (note 7)	431,786	204,600
Lease liabilities (note 6)	47,044	92,250
	478,830	296,850
Non-current liabilities		
Lease liabilities (note 6)	106,219	106,219
Reclamation provision (note 4)	50,000	50,000
Total liabilities	635,049	453,069
SHAREHOLDERS' EQUITY		
Share capital (note 5)	72,870,002	72,645,002
Reserve (note 5)	8,706,430	8,619,380
Deficit	(75,841,010)	(73,749,928)
	5,735,422	7,514,454
Total shareholders' equity and liabilities	6,370,471	7,967,523

Nature and continuance of operations (note 1)
Commitments and contingency (note 6)

Approved on behalf of the board:

"John Anderson"	"Gregory Sparks"
John Anderson	Gregory Sparks
Director	Director

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

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Condensed Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Prepared by Management)
(Expressed in Canadian dollars)

	3 months ended		6 months ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
	$	**$**	**$**	**$**
Expenses				
Administrative expenses	39,371	13,964	113,966	98,441
Corporate communications	235,479	178,428	653,696	589,237
Depreciation (notes 3 and 6)	27,495	16,989	54,954	33,674
Exploration expenditures (notes 4 and 7)	586,171	89,119	873,167	268,332
Interest (note 6)	3,197	103	6,844	510
Listing and filing fees	9,546	9,325	22,827	20,711
Professional fees (note 7)	71,011	71,581	109,506	118,191
Share-based payments (notes 5 and 7)	11,801	81,759	98,392	234,402
Wages and salaries (note 7)	102,274	113,030	209,082	231,725
	(1,086,345)	(574,298)	(2,142,434)	(1,595,223)
Other items				
Interest and other income	10	4,142	10	4,748
Write-off of trade payable (note 7)	40,000	-	40,000	-
Flow-through share premium reversal	-	22,557	-	68,195
Total other items	40,010	26,699	40,010	72,943
Net and comprehensive loss for the period	(1,046,335)	(547,599)	(2,102,424)	(1,522,280)
Loss per share - basic and diluted	**($0.01)**	**($0.01)**	**($0.02)**	**($0.01)**
Weighted average number of shares outstanding - basic and diluted	**138,844,229**	**105,310,729**	**138,436,770**	**104,556,647**

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

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Prepared by Management)
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Reserve	Deficit	Total Shareholders' Equity
		$	$	$	$
Balance, December 31, 2019	98,445,253	66,077,019	6,807,217	(68,719,370)	4,164,866
Warrants exercised (note 5)	6,865,476	617,893	-	-	617,893
Share-based payments (note 5)	-	-	234,402	-	234,402
Loss for the period	-	-	-	(1,522,280)	(1,522,280)
Balance, June 30, 2020	105,310,729	66,694,912	7,041,619	(70,241,650)	3,494,881
Share issuance (note 5)	32,283,500	6,456,700	-	-	6,456,700
Share issuance costs (note 5)	-	(506,610)	150,024	-	(356,586)
Share-based payments (note 5)	-	-	1,427,737	-	1,427,737
Loss for the period	-	-	-	(3,508,278)	(3,508,278)
Balance, December 31, 2020	137,594,229	72,645,002	8,619,380	(73,749,928)	7,514,454
Share issuance (notes 4, 5)	1,250,000	225,000	-	-	225,000
Warrants expired (note 5)	-	-	(11,342)	11,342	-
Share-based payments (note 5)	-	-	98,392	-	98,392
Loss for the period	-	-	-	(2,102,424)	(2,102,424)
Balance, June 30, 2021	138,844,229	72,870,002	8,706,430	(75,841,010)	5,735,422

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

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Condensed Consolidated Statements of Cash Flows
(Unaudited - Prepared by Management)
(Expressed in Canadian dollars)

6 months ended	**June 30, 2021**	**June 30, 2020**
	$	**$**
Cash flows from operating activities		
Loss for the period	(2,102,424)	(1,522,280)
Items not involving cash		
Depreciation	54,954	33,674
Interest	6,844	510
Write-off of trade payable	(40,000)	-
Flow-through share premium reversal	-	(68,195)
Share-based payments	98,392	234,402
	(1,982,234)	(1,321,889)
Change in non-cash working capital		
Trade and other receivables	27,413	11,662
Prepayments and deposits	(161,367)	417,466
Trade and other payables	227,186	30,213
	(1,889,002)	(862,548)
Cash flows from investing activities		
Acquisition of property and equipment	(17,743)	-
Acquisition of exploration and evaluation assets	(61,874)	(64,961)
	(79,617)	(64,961)
Cash flows from financing activities		
Payment of lease liabilities	(52,050)	(31,050)
Exercise of warrants	-	617,893
	(52,050)	586,843
Decrease in cash and cash equivalents	(2,020,669)	(340,666)
Cash and cash equivalents, beginning of the period	4,268,216	923,110
Cash and cash equivalents, end of the period	2,247,547	582,444
Cash and cash equivalents consist of:		
Cash	227,784	61,130
Term deposit	2,019,763	521,314
	2,247,547	582,444
Cash paid for:		
Income taxes	-	-
Interest	-	-
	-	-

Non-cash transactions:

During the six month period ended June 30, 2021, the Company issued 1,250,000 common shares at a fair value of $225,000 for the acquisition of exploration and evaluation assets (note 4).

There were no non-cash transactions during the six month period ended June 30, 2020.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Triumph Gold Corp. was continued under the British Columbia Business Corporations Act on December 19, 2011 and is extra-provincially registered in the Yukon Territory. The Company is listed on the TSX Venture Exchange ("TSXV"), having the symbol "TIG". The Company's principal business activity is the exploration for mineral resources, primarily in the Yukon Territory, Canada.

The Company's corporate office and principal place of business is Suite 1100, 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

The consolidated financial statements have been prepared on a going concern basis which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. Although the Company has a history of raising money, there is no guarantee of this in the future. 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. As a result, there always exists uncertainty that causes significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

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

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020.

2. BASIS OF PREPARATION (continued)

Statement of compliance to International Financial Reporting Standards (continued)

The financial statements were authorized for issue on August 20, 2021 by the directors of the Company.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Bushmaster Exploration Services (2007) Ltd. All significant intercompany transactions and balances have been eliminated upon consolidation. The financial statements of the subsidiary are prepared using consistent accounting policies and reporting dates of the Company. The functional currency for the Company and its subsidiary is the Canadian dollar.

New or revised accounting standards not yet adopted

The adoption of the following standards and interpretations, which have been issued but are not yet effective, are not expected to have a material effect on the Company's future results and financial position:

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These amendments are effective for reporting periods beginning on or after January 1, 2022.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

(Expressed in Canadian dollars)

3. PROPERTY AND EQUIPMENT

	Automotive	Computer Equipment	Equipment	Furniture and Fixtures	Total
	$	$	$	$	$
Cost					
Balance, December 31, 2019	107,242	25,444	68,050	-	200,736
Additions	-	2,581	8,351	5,000	15,932
Balance, December 31, 2020	107,242	28,025	76,401	5,000	216,668
Additions	-	17,743	-	-	17,743
Balance, June 30, 2021	107,242	45,768	76,401	5,000	234,411
Accumulated depreciation					
Balance, December 31, 2019	106,331	21,051	62,850	-	190,232
Depreciation	273	4,077	1,875	500	6,725
Balance, December 31, 2020	106,604	25,128	64,725	500	196,957
Depreciation	96	5,045	1,167	450	6,758
Balance, June 30, 2021	106,700	30,173	65,892	950	203,715
Net book value					
As at December 31, 2020	638	2,897	11,676	4,500	19,711
As at June 30, 2021	542	15,595	10,509	4,050	30,696

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets and related expenditures comprise:

Freegold Mountain, Canada

The Freegold Mountain project is comprised of the following exploration properties:

(i) Tinta Hill Property, Yukon

The Company holds a 100% interest in the Tinta Hill Property subject to an annual advanced royalty payment of $20,000 and a 3% Net Smelter Return ("NSR"). The advanced royalty payment will be netted against royalty interest payments after commencement of commercial production. Of the 3% NSR, the Company can elect to purchase 2% at a cost of $250,000 for the first 1% and $1,000,000 for the second 1%.

As at June 30, 2021 the total advanced royalty payment made was $100,000 (December 31, 2020 – $80,000). During the six month period ended June 30, 2021, the Company paid $7,291 (December 31, 2020 - $7,304) in filing fees for the Tinta Hill Property.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Freegold Mountain, Canada (continued)

(ii) Freegold Property, Yukon

The Company holds a 100% interest in the Freegold Property subject to an annual advanced royalty payment of $ 10,000 and a 3% NSR. The advanced royalty payment will be netted against royalty interest payments after commencement of commercial production. Of the 3% NSR, the Company can elect to purchase 2% at a cost of $250,000 for the first 1% and $1,000,000 for the second 1%.

As at June 30, 2021, the total advanced royalty payment made was $50,000 (December 31, 2020 – $40,000). During the six month period ended June 30, 2021, the Company paid $7,291 (December 31, 2020 - $7,304) in filing fees for the Freegold Property.

(iii) Goldstar Property, Yukon

The Company holds a 100% interest in the Goldstar Property subject to an advance payment of $10,000 and a 3% NSR. The advanced royalty payment will be netted against royalty interest payments after the commencement of commercial production. Of the 3% NSR, the Company can elect to purchase 2% at a cost of $500,000 for the first 1% and $1,000,000 for the second 1%.

As at June 30, 2021, the total advanced royalty payment made was $50,000 (December 31, 2020 – $40,000).

(iv) Golden Revenue Property, Yukon

The Company holds a 100% interest in the Golden Revenue Property subject to a 1% NSR in favour of ATAC Resources Ltd on that portion of the property which is not subject to an underlying royalty. There is a 2% underlying NSR on a portion of the property. A total of 75% of the underlying NSR (1.5% NSR) may be purchased at any time for $600,000. On June 13, 2018, the Company acquired the underlying NSR for a purchase price of $100,000, thereby conveying the exclusive right to be paid all future rights associated from the NSR to the Company.

During the six month period ended June 30, 2021, the Company paid $7,292 (December 31, 2020 - $7,303) in filing fees for the Golden Revenue Property.

To June 30, 2021 and December 31, 2020, the Company has recorded a $50,000 provision for reclamation activity related to the Freegold Mountain project.

Big Creek, Canada

On February 3, 2021, and as closed on March 1, 2021, the Company entered into a purchase and sale agreement to acquire certain claims comprising the Big Creek copper-gold property located in the Whitehorse Mining District of Yukon, Canada. As consideration, the Company issued 1,250,000 common shares at a fair value of $225,000 (note 5).

The Big Creek copper-gold property is subject to a 1.5% NSR.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Other, Canada

Tad/Toro Property, Yukon

The Company holds a 100% interest in the Tad/Toro Property subject to a 3% NSR, of which the first 1% may be purchased for $500,000 and a second 1% for $1,000,000. During the six month period ended June 30, 2021, the Company paid $Nil (December 31, 2020 - $3,050) in filing fees for the Tad/Toro Property.

The Company wrote-down the value of the Tad/Toro Property to $1 in previous years.

Andalusite Peak, British Columbia, Canada

The Company staked the Andalusite Peak Property and held a 100% interest. On August 8, 2019, the Company and Rio Tinto Exploration Canada Inc. ("RTEC") entered into an option agreement whereby RTEC has the option to obtain a 100% interest in the Andalusite Peak property. Under the terms of the option agreement, 100% ownership of the claims were transferred to RTEC and RTEC agreed to pay $3,000,000 over a five-year option period and reserve for the Company a 1% net smelter returns royalty, which is capped at $50 million. 100% interest in the Andalusite Peak property will be returned to the Company if RTEC opts out of the staged payments totaling $3,000,000 over the five year option period. The sum of $25,000 was paid to the Company (of which $10,420 has been credited against exploration and evaluation assets and the excess of $14,580 over the carry amount was recognized in other income during the year ended December 31, 2019) within 45 days of the option agreement date. A further $50,000, was payable on or before the first anniversary date of the option agreement. The payment was received on July 21, 2020 and recognized in other income during the year ended December 31, 2020. On December 15, 2020, RTEC provided notice of termination of the option agreement and 100% ownership of the Andalusite Property was transferred back to the Company.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

	Freegold Mountain	Big Creek	Other	Andalusite Peak	Total
	$	$	$	$	$
Exploration and Evaluation Assets					
Balance, December 31, 2019	3,224,854	-	1	-	3,224,855
Additions	61,911	-	3,050	-	64,961
Balance, December 31, 2020	3,286,765	-	3,051	-	3,289,816
Additions	61,874	225,000	-	-	286,874
Balance, June 30, 2021	3,348,639	225,000	3,051	-	3,576,690
Current Exploration Expenditures					
Year ended December 31, 2020					
Administrative	254	-	-	-	254
Assaying	89,669	-	-	-	89,669
Camp costs	80,230	-	-	-	80,230
Community relations	375	-	-	-	375
Drilling	321,226	-	-	-	321,226
Equipment and supplies	60,798	-	-	-	60,798
Geological costs	372,723	-	-	-	372,723
Geophysical costs	5,000	-	-	-	5,000
Resource work	64,577	-	-	-	64,577
Transportation and storage	37,901	-	-	-	37,901
Travel and accomodation	15,855	-	-	-	15,855
Wages and labour costs	316,024	-	-	-	316,024
Total	1,364,632	-	-	-	1,364,632
Period ended June 30, 2021					
Administrative	2,154	3,042	-	500	5,696
Assaying	49,000	-	-	-	49,000
Camp costs	54,940	-	-	-	54,940
Drilling	178,546	-	-	-	178,546
Equipment and supplies	38,509	-	-	-	38,509
Geological costs	226,984	-	330	1,725	229,039
Transportation and storage	13,569	-	-	-	13,569
Travel and accomodation	9,520	-	-	-	9,520
Wages and labour costs	294,348	-	-	-	294,348
Total	867,570	3,042	330	2,225	873,167

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

	Freegold Mountain	Big Creek	Other	Andalusite Peak	Total
	$	$	$	$	$
Cumulative Exploration Expenditures					
Administrative	683,145	3,042	-	1,050	687,237
Assaying	945,900	-	12,172	2,132	960,204
Camp costs	3,770,257	-	10,800	86	3,781,143
Community relations	9,125	-	-	-	9,125
Drilling costs	17,753,547	-	-	-	17,753,547
Environmental	33,800	-	-	-	33,800
Equipment and supplies	931,811	-	2,275	2,000	936,086
Exploration grant	(325,455)	-	-	-	(325,455)
Geological costs	6,078,842	-	46,907	1,925	6,127,674
Geophysical costs	1,446,742	-	-	-	1,446,742
Helicopter	7,942	-	30,841	4,465	43,248
Reclamation provision	50,000	-	-	-	50,000
Resource work	243,501	-	-	-	243,501
Transportation and storage	1,466,072	-	22,632	2,423	1,491,127
Travel and accomodation	809,828	-	100	6,369	816,297
Wages and labour costs	12,274,720	-	27,238	14,937	12,316,895
Total	46,179,777	3,042	152,965	35,387	46,371,171

5. SHARE CAPITAL

Authorized:

Unlimited common shares with no par value

Unlimited preferred shares, the series rights and restrictions to be determined by the Board of Directors on issuance

Issued:

For the period ended June 30, 2021

On March 1, 2021, the Company issued 1,250,000 common shares at a fair value of $225,000 for the purchase of the Big Creek copper-gold property (note 4).

For the year ended December 31, 2020

(i) On July 17, 2020, the Company completed non-brokered private placement of 16,598,500 units at a price of $0.20 per unit for aggregate gross proceeds of $3,319,700. Each unit comprises one common share and one transferable common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.30 per share for a period of 3 years. Share issuance costs and finders' fees of $121,476 were paid in

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

For the year ended December 31, 2020 (continued)

(i) (continued)

connection with the private placement. The Company also issued 274,645 finders' warrants which were recorded at a fair value of $39,571. The fair value was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 0.28%, share price on grant date of $0.20 and an expected volatility of 80.25%. The finders' warrants are exercisable at a price of $0.25 until July 17, 2023.

(ii) The Company completed non-brokered private placement in tranches as to 15,000,000 on July 24, 2020 and 685,000 on December 30, 2020, for a total of 15,685,000 units at a price of $0.20 per unit for aggregate gross proceeds of $3,137,000. Each unit comprises one common share of the Company and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.30 per share for a period of 3 years. Share issuance costs and finders' fees of $235,110 were paid in connection with the private placement. The Company also issued 627,200 finders' warrants which were recorded at a fair value of $110,453. The fair value was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 0.27%, share price on grant date of $0.20 and an expected volatility of 80.55%. The finders' warrants are exercisable at a price of $0.25 until July 24, 2023.

(iii) During the year ended December 31, 2020, 6,865,476 warrants were exercised for proceeds of $617,893.

Stock options:

The Company has a stock option plan whereby options to purchase common shares are granted by the board of directors to directors, officers, employees and consultants to the Company. Under the terms of the plan, the Company has reserved an amount of common shares for options up to 10% of the issued and outstanding common shares. Options granted under this plan are non-transferable; expire no later than the tenth anniversary of the date the option is granted and must comply with the requirements of the regulatory authorities.

A summary of outstanding stock options at June 30, 2021 is as follows:

Number of stock options outstanding	Exercise price	Expiry date	Number of stock options exercisable
	$		
570,000	0.50	July 26, 2022	570,000
3,890,000	0.40	July 30, 2022	3,890,000
225,000	0.40	December 20, 2022	225,000
1,250,000	0.40	July 20, 2023	1,250,000
1,200,000	0.55	July 26, 2024	1,200,000
6,150,000	0.30	July 24, 2025	5,975,000
300,000	0.30	January 25, 2026	300,000
13,585,000			13,410,000

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

Stock options (continued):

Stock option transactions are summarized as follows:

	Number of stock options	Weighted average exercise price	Weighted average remaining life
		$	
December 31, 2019	9,035,000	0.44	3.21
Cancelled	(1,900,000)	(0.46)	
Granted	6,450,000	0.30	
December 31, 2020	13,585,000	0.37	3.17
Cancelled	(300,000)	(0.30)	
Granted	300,000	0.30	
June 30, 2021	13,585,000	0.37	2.78

On January 26, 2021 the Company granted a total of 300,000 stock options to a consultant. These options vested immediately. The total fair value of $35,097 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 0.41%, share price on grant date of $0.19 and an expected volatility of 90.28%. The vesting of these options resulted in a total share-based compensation expense of $35,097 which was recorded during the six month period ended June 30, 2021.

On July 24, 2020, the Company granted a total of 6,450,000 stock options to directors, officers, consultants and employees. These options vest as to 5,650,000 immediately, 400,000 on January 24, 2021, 200,000 on April 24, 2021 and 200,000 on July 24, 2021. The total fair value of $1,405,288 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 0.32%, share price on grant date of $0.31 and an expected volatility of 91.83%. The vesting of these options resulted in a total share-based compensation expense of $56,587 which was recorded during the six month period ended June 30, 2021 (December 31, 2020 - $1,345,978)

The Company recorded a further $6,708 (December 31, 2020 - $316,161) in share-based compensation relating to previously granted stock options which vested during the six month period ended June 30, 2021.

Expected volatility is determined by reference to the Company's historical stock prices.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

Warrants:

A summary of outstanding warrants at June 30, 2021 is as follows:

Number of warrants outstanding	Exercise price	Expiry date		Remaining life (years)
	$			
1,265,453	0.60	July 11, 2021	*	0.03
723,578	0.60	July 18, 2021	*	0.05
700,000	0.60	July 24, 2021	*	0.07
16,598,500	0.30	July 17, 2023		2.05
274,645	0.25	July 17, 2023		2.05
15,000,000	0.30	July 24, 2023		2.07
627,200	0.25	July 24, 2023		2.07
685,000	0.30	December 31, 2023		2.50
35,874,376				

* - Subsequently expired, unexercised.

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price	Weighted average remaining life
		$	
December 31, 2019	25,997,440	0.40	0.71
Issued	33,185,345	0.30	
Exercised	(6,865,476)	(0.09)	
Expired	(12,780,550)	(0.46)	
December 31, 2020	39,536,759	0.35	2.22
Expired	(3,662,383)	(0.60)	
June 30, 2021	35,874,376	0.32	1.91

Reserve:

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Any fair value attributed to the warrants is recorded in the reserve. If the warrants expire unexercised, the value attributed to the warrants is transferred to deficit.

During the six month period ended June 30, 2021, a total of 100,678 (year ended December 31, 2020 – Nil) warrants expired unexercised. Accordingly, the corresponding fair value of $11,342 (December 31, 2020 - $Nil) was reallocated from the reserve to deficit.

(Expressed in Canadian dollars)

6. COMMITMENTS AND CONTINGENCY

a) As of June 30, 2021, the Company has $19,550(December 31, 2020 – $19,583) in term deposits with a Canadian financial institution for the guarantee of business credit cards.

b) The Company has included in officers' employment agreements a change in control clause that entitles them to a lump sum severance payment equal to 1.5 to 2.0 times their annual base salaries. This would amount to up to $630,000 based on salaries in effect as at June 30, 2021 and December 31, 2020.

c) Under the terms of the Company's by-laws, the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company. The claims covered by such indemnifications are subject to statutory and other legal limitation periods.

d) On July 10, 2018, the Company entered into a sublease agreement that provides for a base rent of $5,175 per month, commencing September 1, 2018 to August 31, 2020. At December 31, 2019, a security deposit consisting of the last two months of rent, totaling $10,350, had been recorded in prepaids and deposits.

The Company initially recognized a lease liability obligation related to its lease commitment for its office lease of $88,087. The liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 8% as at January 1, 2019. The associated right-of-use asset was measured at the lease obligation amount, resulting in no adjustment to the opening balance of deficit. The right-of-use asset will be depreciated and the Company will record a related interest expense over the term of the lease liability obligation. During the year ended December 31, 2020, the Company paid lease obligations of $31,050, thereby reducing the lease liability, recorded $30,540 in depreciation of the right-of-use asset and $510 in interest expense.

Commencing September 1, 2020, the Company extended the sublease to August 31, 2022. The Company recognized a lease liability obligation and associated right-of-use asset related to its lease commitment for its office lease of $115,185. The liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 8%. The right-of-use asset will be depreciated and the Company will record a related interest expense over the term of the lease liability obligation. During the six month period ended June 30, 2021, the Company paid lease obligations of $31,050 (December 31, 2020 - $20,700), thereby reducing the lease liability, recorded $28,796 (December 31, 2020 - $19,197) in depreciation of the right-of-use asset and $3,222 (December 31, 2020 - $2,755) in interest expense.

The Company will depreciate the right-of-use asset and record interest over the remaining lease commitment period as follows:

	Depreciation	Interest
	$	$
2021	28,797	2,091
2022	38,395	947
	67,192	3,038

(Expressed in Canadian dollars)

6. COMMITMENTS AND CONTINGENCY (continued)

e) Commencing October 1, 2020, the Company entered into a lease agreement that provides for a base rent of $3,500 per month, commencing October 1, 2020 to October 31, 2023.

The Company recognized a lease liability obligation and associated right-of-use asset related to its lease commitment for its office lease of $109,662. Included in the right-of-use asset is $3,500, representing the last month's rent, prepaid in advance. The liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 8%. The right-of-use asset will be depreciated and the Company will record a related interest expense over the term of the lease liability obligation. During the six month period ended June 30, 2021, the Company paid lease obligations of $21,000 (December 31, 2020 - $10,500), thereby reducing the lease liability, recorded $19,399 (December 31, 2020 - $10,500) in depreciation of the right-of-use asset and $3,622 (December 31, 2020 - $2,067) in interest expense.

The Company will depreciate the right-of-use asset and record interest over the remaining lease commitment period as follows:

	Depreciation	Interest
	$	$
2021	19,398	2,915
2022	38,798	3,593
2023	25,866	640
	84,062	7,148

7. RELATED PARTY TRANSACTIONS

The Company had the following transactions involving key management during the six month period ended June 30, 2021:

(i) An officer of the Company provides accounting services to the Company. Professional fees incurred during the period were $24,000 (2020 - $24,000). At June 30, 2021, this officer was owed $4,200 (December 31, 2020 - $4,200).

(ii) Purplefish Capital Limited, a company controlled by a director of the company, provides consulting services to the Company. Consulting fees incurred during the period were $30,000 (2020 - $nil). At June 30, 2021, this company was owed $5,250 (December 31, 2020 - $nil).

(iii) Brian Bower Consulting, a company controlled by a director of the Company, provides geological services during the period. Geological fees incurred during the period were $58,795 (2020 – $nil) was recorded in exploration expenditures. At June 30, 2021, this company was owed $11,930 (December 31, 2020 – $6,274).

(iv) Halle Geological Services Ltd., a company controlled by the VP of Exploration of the company provided geological services. Geological fees incurred during the period were $135,200 (2020 - $71,108). At June 30, 2021, this company was owed $41,436 (December 31, 2020 - $14,293).

7. RELATED PARTY TRANSACTIONS (continued)

(v) Wiklow Corporate Services, Inc. a company controlled by an officer of the Company provided consulting services to the Company. Professional fees incurred during the period were $21,000 (2020 - $21,000). At June 30, 2021, this company was owed $3,675 (December 31, 2020 - $3,675).

(vi) Wages and salaries of $90,000 (2020 – $180,000) were paid to a directors and officers of the Company.

(vii) Directors of the Company were paid consulting fees of $40,000 (2020 – $50,000) and were recorded in wages and salaries. At June 30, 2021, the directors were owed $80,000 (December 31, 2020 - $175,000).

(viii) Recorded $5,311 (2020 - $175,175) in share-based payments, for stock options granted and vested, to officers and directors of the Company.

(ix) Recorded a write-off of trade payable of $40,000 (2020 - $Nil) for the balance due to a former director of the Company.

8. SEGMENTED INFORMATION

The Company operates in one operating segment, that being exploration of mineral properties. All of the Company's assets are located in Canada.

9. CAPITAL MANAGEMENT

The Company includes cash and cash equivalents and equity, comprising issued common shares, reserve and deficit, in the definition of capital.

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the six month period ended June 30, 2021. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets. The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk - The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper. Other receivables are comprised primarily of tax receivables generated on the purchase of supplies and services for the Company's exploration programs, which are refundable from the Canadian government. The Company's maximum exposure to credit risk is the carrying amount of financial assets on the consolidated statements of financial position.

Liquidity Risk – The Company's cash and cash equivalents are invested in business accounts with high-credit quality financial institutions which are available on demand for the Company's programs. Future operations or exploration programs will require additional financing primarily through equity markets.

The Company has lease obligations (note 6), the maturity of which are as follows:

	Total
	$
Due within 1 year	52,050
Due in 2 years	83,400
Due in 3 years	28,000
	163,450

Market Risk – Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices.

Interest rate risk – In respect to the Company's financial assets, the interest rate risk mainly arises from the interest rate impact on cash and cash equivalents and term deposits. Every 1% fluctuation in interest rates up or down would have an insignificant impact on profit or loss.

Foreign currency risk - The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk and has no financial instruments held in United States funds. Therefore, foreign currency risk is minimized.

Commodity price risk – The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand. The Company is not exposed to significant price risk.

10. FINANCIAL INSTRUMENTS (continued)

Fair Value - The Company has various financial instruments comprised of cash and cash equivalents, trade and other receivables, investment in equities, trade and other payables and lease liabilities.

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

	Level 1	Level 2	Level 3	Total
	$	$	$	$
June 30, 2021				
Assets:				
Cash and cash equivalents	2,247,547	-	-	2,247,547
Investment in equities	-	-	1	1
December 31, 2020				
Assets:				
Cash and cash equivalents	4,268,216	-	-	4,268,216
Investment in equities	-	-	1	1