Condensed Interim Consolidated Financial Statements

Plato Gold Corp.

For the Six Months Ended June 30, 2021 and 2020
(Stated in Canadian Dollars)

INDEX

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Company's management and the Company’s independent auditors have not performed a review of these interim financial statements.

Plato Gold Corp.

Condensed Interim Consolidated Statements of Financial Position
Unaudited - See Notice to Reader
Stated in Canadian dollars

	June 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash	$ 296,528	$ 57,033
Other receivables (note 4)	12,757	29,540
	309,285	86,573
Portfolio Investments (note 5)	81,778	96,020
Mineral Properties and Deferred Exploration Costs (note 6)	1,778,679	1,726,861
	$ 2,169,742	$ 1,909,454
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 12)	$ 618,932	$ 623,152
Due to related company (note 7)	6,545	6,545
Flow-through share premium liability (notes 9, 13)	51,000	-
	676,477	629,697
Loan Payable (note 8)	28,818	19,251
	705,295	648,948
Shareholders' Equity		
Share Capital (note 9)	9,594,585	9,339,631
Warrants (note 10)	69,599	25,735
Contributed Surplus	3,789,257	3,611,006
Deficit	(11,982,863)	(11,710,197)
Non-Controlling Interest	(6,131)	(5,669)
	1,464,447	1,260,506
	$ 2,169,742	$ 1,909,454

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

Approved on behalf of the Board

"Anthony J. Cohen", Director "John H. Paterson", Director

Plato Gold Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Six Months Ended June 30
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Six months ended		Three months ended	
	2021	2020	2021	2020
Income				
Investment income	$ 546	$ 1,754	$ 307	$ 780
Expenses				
Amortization	-	7	-	3
Bad debt expense	7,616	-	448	-
Consulting and director fees	500	4,850	250	4,675
Foreign exchange loss	170	105	170	105
Insurance	4,297	4,140	2,767	2,295
Interest accretion (note 8)	3,037	-	1,575	-
Interest and financing fees	543	589	323	422
Office and general	2,200	3,213	1,209	1,676
Professional fees	41,456	44,795	21,456	23,750
Publicity and advertising	18,586	11,977	8,625	3,950
Rent	1,200	1,200	600	600
Salaries and benefits	50	50	25	25
Share-based compensation (note 11)	178,251	-	178,251	-
Transfer and filing fees	21,601	27,300	14,988	18,549
Write-down of mineral properties (note 6)	4,531	8,122	1,154	2,822
Add (Less):				
Fair value adjustment on portfolio investments	23,952	(3,571)	(8,075)	(39,230)
Government grant (note 8)	(13,470)	-	-	-
Realized gain on sale of portfolio investments	(20,846)	-	-	-
Gain on write-off of accounts payable and accrued liabilities	-	(21,724)	-	-
	273,674	81,053	223,766	19,642
Net Loss and Comprehensive Loss	$ (273,128)	$ (79,299)	$ (223,459)	$ (18,862)
Attributable to:				
Equity holders of Plato Gold Corp.	(272,666)	(77,934)	(59,797)	(18,134)
Non-controlling Interest	(462)	(1,365)	(64)	(728)
Loss per Share - basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted Average Number of Common Shares Outstanding - basic and diluted	210,104,082	204,922,858	210,929,277	205,188,297

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Plato Gold Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Six Months Ended June 30
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Share Capital					Non-	
	Shares	Amount	Warrants	Contributed Surplus	Accumulated Deficit	Controlling Interest	Total
Balance - January 1, 2020	204,449,727	$ 9,154,956	$ 154,984	$ 3,456,022	$ (11,486,738)	$ (26,256)	$ 1,252,968
Shares issued from private placement (note 9)	3,069,990	153,500	-	-	-	-	153,500
Share issuance costs (note 9)	-	(4,138)	-	-	-	-	(4,138)
Shares issued for mineral properties (notes 6(b), 9)	300,000	9,000	-	-	-	-	9,000
Reclassification on expiry of warrants	-	-	(154,984)	154,984	-	-	-
Net comprehensive loss	-	-	-	-	(77,934)	(1,365)	(79,299)
Balance - June 30, 2020	207,819,717	$ 9,313,318	$ -	$ 3,611,006	$ (11,564,672)	$ (27,621)	$ 1,332,031

	Share Capital					Non-	
	Shares	Amount	Warrants	Contributed Surplus	Accumulated Deficit	Controlling Interest	Total
Balance - January 1, 2021	208,919,717	$ 9,339,631	$ 25,735	$ 3,611,006	$ (11,710,197)	$ (5,669)	$ 1,260,506
Flow-through shares issued from private placement (note 9)	5,100,000	204,000	-	-	-	-	204,000
Shares and warrants issued from private placement (notes 9, 10)	1,900,000	53,246	41,754	-	-	-	95,000
Shares and warrants issued to agents (notes 9, 10)	96,000	2,690	2,110	-	-	-	4,800
Share issuance costs (note 9)	-	(20,732)	-	-	-	-	(20,732)
Shares issued for mineral properties (notes 6(b), 9)	450,000	15,750	-	-	-	-	15,750
Share-based compensation (note 11)	-	-	-	178,251	-	-	178,251
Net comprehensive loss	-	-	-	-	(272,666)	(462)	(273,128)
Balance - June 30, 2021	216,465,717	$ 9,594,585	$ 69,599	$ 3,789,257	$ (11,982,863)	$ (6,131)	$ 1,464,447

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

Plato Gold Corp.

Condensed Interim Consolidated Statements of Cash Flow
For the Six Months Ended June 30
Unaudited - See Notice to Reader
Stated in Canadian dollars

	2021	2020
Cash Flows from Operating Activities		
Net comprehensive loss	$ (273,128)	$ (79,299)
Items not involving cash		
Issuance of shares for mineral properties	-	9,000
Realized gain on sale of portfolio investments	(20,846)	-
Amortization	-	7
Interest accretion	3,037	-
Government grant	(13,470)	-
Write-down of mineral properties	4,531	8,122
Bad debt expense	7,616	-
Fair value adjustment on portfolio investments	23,952	(3,572)
Share-based compensation	178,251	-
	(90,057)	(65,742)
Changes in non-cash working capital		
Other receivables	9,167	(2,731)
Accounts payable and accrued liabilities	(4,220)	(46,393)
Due to related company	-	2,545
	(85,110)	(112,321)
Cash Flows from Financing Activities		
Proceeds from issuance of shares and warrants	350,000	153,500
Issuance costs	(15,932)	(4,138)
Advances of loan payable	20,000	-
	354,068	149,362
Cash Flows from Investing Activities		
Mineral properties and deferred explorations costs	(40,599)	(75,619)
Proceeds from sale of portfolio investments	11,136	-
	(29,463)	(75,619)
Change in cash	239,495	(38,578)
Cash - beginning of period	57,033	93,667
Cash - end of period	$ 296,528	$ 55,089

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

1. Nature of Operations

Plato Gold Corp. (the "Company" or "Plato") is an Ontario corporation formed by amalgamation on May 30, 2005. The primary offices are located at 1240 Bay Street, Suite 800, Toronto, Ontario M5R 2A7.

The Company is a public gold and rare minerals exploration company with four projects. The first project, Good Hope Niobium Project consists of a total of 254 claims, consisting of 227 Single Cell Mining Claims and 27 Boundary Cell Mining Claims, and covers an area of approximately 5,146 hectares in Killala Lake Area and Cairngorm Lake Area Townships, northwest of Marathon, Ontario. The second project, Pic River Platinum Group Metals ("PGM") Project consists of a total of 111 Single Cell Mining Claims and covers an area of approximately 2,247 hectares in the Foxtrap Lake and Grain Township, Thunder Bay Mining District, in Ontario. The third project, the Lolita Project in Santa Cruz, Argentina, includes three adjoining concessions in Southern Argentina, which are held by the Company's 95% owned subsidiary, Winnipeg Minerals S.A. ("WMSA"). The fourth project, the Timmins Gold Project in Northern Ontario includes four properties (Guibord, Harker, Holloway and Marriott) in what is sometimes referred to as the Harker/Holloway gold camp located east of Timmins.

The Company is in the process of exploring its mineral properties and has not yet determined whether its properties contain economic mineral reserves. The recovery of amounts capitalized under mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable resources or reserves and upon future profitable production or sale of its interests, all of which are uncertain. Consequently, as of June 30, 2021 the Company considers itself to be an exploration and evaluation stage company with respect to these properties.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of $11,982,863 as at June 30, 2021. The Company's continued existence is dependent upon its ability to raise additional capital and/or obtaining financing from related parties and develop profitable operations. Management believes that it has the ability to raise the required additional funding. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at June 30, 2021, the Company's current liabilities exceed its current assets by $367,192. Given the above, the Company has material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19". This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods, and social distancing have caused material disruption to businesses resulting in a global economic disruption. At the same time, global equity markets have experienced historic volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize domestic economic conditions. The duration and eventual impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

1. Nature of Operations (continued)

It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

COVID-19 has no physical impact on the mineralization (gold, niobium, platinum, etc.) on the four mineralize properties currently held by the Company. However, COVID-19 does significantly impact the daily operations of the Company, its exploration activities, its ability to access funds in the capital markets and its ability to continue as a going concern, all of which is difficult to determine at this time. No adjustments have been made to the consolidated financial statements in relation to the impact of COVID-19.

2. Basis of Presentation and Going Concern

The Company's condensed interim consolidated financial statements reflect the results of operations for the six months ended June 30, 2021 and 2020, and the assets, liabilities and shareholders' equity as at June 30, 2021.

The condensed interim consolidated financial statements include the accounts of the Company and its 95% owned subsidiary, Winnipeg Minerals S.A., an Argentinean company. All significant intercompany balances and transactions have been eliminated on consolidation.

a) Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). The IAS 34 interim financial statements do not include all of the information required for annual financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020.

The policies applied in the Company's condensed interim consolidated financial statements are in accordance with International Financial Reporting Standards ("IFRS") effective as of June 30, 2021 as issued by the International Accounting Standards Board. The date that the Board of Directors approved the statements is August 18, 2021.

b) Critical judgments, estimates, and assumptions

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of operations during the reporting period. Significant estimates and assumptions include those related to the following:

- the recoverability of the carrying value of the resource properties
- management's determination that there is no deferred tax asset recognized in these condensed interim consolidated financial statements
- the ability to continue as a going concern
- the value of options and warrants issued by the Company

2. Basis of Presentation and Going Concern (continued)

b) Critical judgments, estimates, and assumptions (continued)

The application of Company's accounting policy for Mineral properties and deferred exploration costs requires judgment to determine whether future economic benefits are probable, from either future development or sale. There is no assurance that the Company has or will have commercially viable resources.

Determining the value of stock options and warrants involves the application of the Black-Scholes option-pricing model which requires the input of highly subjective assumptions that can materially affect the vale. Significant estimates and assumptions are required for the volatility used in the Black-Scholes option-pricing model. The Company uses historical information of its own publicly traded common shares to determine the degree of volatility at the date when the stock options and warrants are granted. The degree of volatility will vary depending on when the stock options and warrants were granted, and the expected life.

While management believes that the estimates and assumptions are reasonable, actual results could differ from those estimates.

Management has also used its judgment in determining that the functional currency of the Company and its subsidiary is the Canadian dollar and the state of development of the mineral properties as the exploration stage.

c) Going Concern

The Company’s ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration and development programs and general and administrative expenses, maintain its resource properties, discharge its liabilities as they become due and generate positive cash flows from operations. There is no certainty that the Company will be successful in raising financing given the current condition of the financial markets, and as such there is significant uncertainty the Company will be able to continue as a going concern.

The condensed interim consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business. Accordingly, these condensed interim consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used, then the adjustments required to report the Company’s assets and liabilities at liquidation values could be material to these condensed interim consolidated financial statements.

3. Significant Accounting Policies

The Company's complete accounting policies have been included in the consolidated financial statements for the year ended December 31, 2020. The accounting policies the Company followed in preparing these condensed interim consolidated financial statements were the same as those applied by the Company in the annual consolidated financial statements as at and for the year ended December 31, 2020.

4. Other Receivables

As at June 30, 2021, other receivables includes HST receivable of $12,757 (December 31, 2020 - $22,321) and other amounts receivable of $Nil (December 31, 2020 - $7,219). Due to the short-term nature, the carrying amount of the receivables approximates fair value.

5. Portfolio Investments

a) Monarch Gold Corporation (formerly Monarques Gold Corporation)

During the six months ended June 30, 2021, Yamana Gold Inc. acquired the outstanding common shares of Monarch Gold Corporation. In connection with the arrangement, Monarch Gold Corporation completed a spin-out to its shareholders. Each former Monarch Gold Corporation share was exchanged for (i) 0.0376 of a common share of Yamana Gold Inc.; (ii) $0.192 in cash from Yamana Gold Inc.; (iii) 0.2 of a common share of Monarch Mining Corporation. As a result of this transaction, the Company recognized a realized gain of $20,846 .

As at June 30, 2021, the Company holds a total of Nil (December 31, 2020 - 58,000) shares of Monarch Gold Corporation, with a fair value of $Nil (December 31, 2020 - $31,900).

b) Kirkland Lake Gold Inc. (formerly St. Andrew Goldfields Ltd.)

As at June 30, 2021, the Company holds 1,000 (December 31, 2020 - 1,000) common shares of Kirkland Lake Gold Inc., with a fair value of $47,770 (December 31, 2020 - $52,600).

c) Bonterra Resources Inc.

As at June 30, 2021, the Company holds 9,000 (December 31, 2020 - 9,000) common shares of Bonterra Resources Inc., with a fair value of $12,420 (December 31, 2020 - $11,520).

d) Monarch Mining Corporation

During the six months ended June 30, 2021, the Company received 11,600 shares of Monarch Mining Corporation as a result of the spin-out of Monarch Gold Corporation. As at June 30, 2021, the Company holds 11,600 common shares of Monarch Mining Corporation, with a fair value of $10,208.

Stated in Canadian Dollars

5. Portfolio Investments (continued)

e) Yamana Gold Inc.

During the six months ended June 30, 2021, the Company received 2,180 common shares of Yamana Gold Inc. as a result of the Yamana Gold Inc.'s acquisition of the outstanding shares of Monarch Gold Corporation. As at June 30, 2021, the Company holds 2,180 common shares of Yamana Gold Inc., with a fair value of $11,380.

The Company classifies all portfolio investments as Level 1 under the fair value hierarchy. There were no transfers between fair value levels during the six months ended June 30, 2021.

6. Mineral Properties and Deferred Exploration Costs

	Good Hope Project	Pic River Project	Lolita Project	Timmins Gold Project	Total
Balance - December 31, 2014	$ -	$ -	$ 316,964	$ 1,025,067	$ 1,342,031
Expenditures (recoveries) - January 1, 2015 to December 31, 2019	1,670,386	-	53,700	38,800	1,762,886
Write downs - January 1, 2015 to December 31, 2019	(12,943)	-	(370,664)	(1,063,867)	(1,447,474)
Balance - December 31, 2019	$ 1,657,443	$ -	$ -	$ -	$ 1,657,443
Acquisition costs	-	34,500	-	-	34,500
Exploration costs	34,918	-	-	-	34,918
Other	-	-	7,343	27,791	35,134
Total Current expenditures	34,918	34,500	7,343	27,791	104,552
Write-down of mineral property	-	-	(7,343)	(27,791)	(35,134)
Balance - December 31, 2020	$ 1,692,361	$ 34,500	$ -	$ -	$ 1,726,861

	Good Hope Project	Pic River Project	Lolita Project	Timmins Gold Project	Total
Balance - December 31, 2020	$ 1,692,361	$ 34,500	$ -	$ -	$ 1,726,861
Acquisition costs	-	40,750	-	-	40,750
Exploration costs	11,068	-	-	-	11,068
Other	-	-	1,617	2,914	4,531
Total Current expenditures	11,068	40,750	1,617	2,914	56,349
Write-down of mineral property	-	-	(1,617)	(2,914)	(4,531)
Balance - June 30, 2021	$ 1,703,429	$ 75,250	$ -	$ -	$ 1,778,679

6. Mineral Properties and Deferred Exploration Costs (continued)

a) Good Hope Niobium Project

On May 31, 2017, the Company signed two Option Agreements, KL226 Option Agreement and KL37 Option Agreement to acquire 100% interest in the Good Hope Niobium Project in Killala Lake area, near Marathon Ontario.

The Good Hope Niobium Property consists of a total of 254 claims, consisting of 227 Single Cell Mining Claims and 27 Boundary Cell Mining Claims, and covers an area of approximately 5,100 hectares in Killala Lake Area and Cairngorm Lake Area Townships, northwest of Marathon, Ontario. The Good Hope Property is located approximately 45 kilometers northwest of Marathon and 28 km north of Highway 17. The property is readily accessible from Trans-Canada Highway 17 and Dead Horse Road. The Property is also in close proximity to the Hemlo gold mining camp.

On August 27, 2019, the Company announced that it had met all of the terms of the KL37 and KL226 Option Agreements and the Company owns 100% of the Good Hope Niobium claims.

The following terms remain for the KL226 and KL37 Option Agreements:

i) A 3% Net Smelter Return Royalty to Optionors, with first right of refusal for 50% buy back for $1,500,000.
ii) A 3% Gross Overriding Royalty from the production of diamonds only to Optionors, with first right of refusal for 50% buy back for $1,500,000.
iii) Performance Shares of 1,000,000 common shares to Optionors, if a NI 43-101 compliant resource exceeding 100 million tonnes of Nb205/P205 and an additional 2,000,000 common shares to Optionors, upon a positive bankable feasibility study.
iv) 10% of the sale price or option price in cash or shares to Optionors, if the KL226 or KL37 claims are sold or optioned to a third party.

b) Pic River Project

On January 28, 2020, the Company entered into an Option Agreement to acquire 100% interest in the Pic River PGM Project in Foxtrap Lake and Grain Township, Thunder Bay Mining District, in Ontario. The Optionors are Rudolf Wahl (70%) and Mike Dorval (30%). On April 28, 2020, the Option Agreement was amended with an additional 6 new claims to the total property.

The Pic River PGM Project consists of a total of 111 Single Cell Mining Claims and covers an area of approximately 2,247 hectares in the Foxtrap Lake and Grain Township, Thunder Bay Mining District, in Ontario.

6. Mineral Properties and Deferred Exploration Costs (continued)

b) Pic River Project (continued)

The Company, as the Optionee, will earn in for 100% interest in the project claims upon completion of the following:

i) Total cash payment of $125,000 as follows:

- i) $10,000 to Optionors within 7 days of signing of the Pic River PGM Option Agreement
- ii) $15,000 to Optionors within 6 months of the TSXV approval
- iii) $25,000 to the Optionors on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

ii) Total payment of 1,650,000 common shares

- i) 300,000 common shares to Optionors within 15 days of TSXV approval
- ii) 450,000 common shares to Optionors on or before the 1st anniversary of the TSXV approval
- iii) 300,000 common shares to the Optionors on or before the, 2nd, 3rd and 4th anniversary of the TSXV approval

iii) Combined exploration expenditures of $160,000

- i) $40,000 on or before the 1st anniversary of the TSXV approval
- ii) $120,000 on or before the 4th anniversary of the TSXV approval

On January 20, 2021, the Option agreement was amended such that the Company is only required to incur total exploration expenditures of $160,000 on or before the 4th anniversary of the TSXV approval. All other terms of the Option Agreement remain unchanged.

In addition, the Pic River PGM Option Agreement includes:

i) A 3% Net Smelter Return royalty to Optionors, with the first right of refusal for 50% buy back for $1,500,000.

ii) A 3% Gross Overriding royalty from the production of diamonds only to Optionors, with first right of refusal for 50% buy back for $1,500,000.

iii) Performance Shares of 1,000,000 common shares to Optionors, if a NI 43-101 compliant resource exceeding 1 million ounces of platinum equivalent, and an additional 1,000,000 common shares to Optionors, upon a positive bankable feasibility study.

iv) 10% of the sale price or option price in cash or shares to Optionors, if the Pic River PGM Project claims are sold or optioned to a third party.

6. Mineral Properties and Deferred Exploration Costs (continued)

b) Pic River Project (continued)

On January 28, 2020, the Company issued 300,000 common shares and cash payment of $10,000 to the Optionors pursuant to the agreement. On June 22, 2020, the Company paid a cash payment of $15,000 to the Optionors pursuant to the agreement.

On January 20, 2021, the Company issued 450,000 common shares and cash payment of $25,000 to the Optionors pursuant to the agreement.

c) Lolita Project

On August 27, 2007, the Company entered into an agreement to acquire a 75% interest in the Lolita Property in Argentina.

Upon completion of the initial expenditures, a Joint Work Program for up to US$500,000 was jointly developed and financed 75% by the Company and 25% by the other party ("Lhotka"). The agreement allows that Lhotka shall have its Joint Venture interest in the property diluted by 5% for each US$100,000 in expenditures spent by the Company, if Lhotka declines its portion of the expenditure. Lhotka's interest in the property shall not be reduced to less than 2%, unless otherwise agreed by the parties, and Lhotka is entitled to receive a 2% Net Smelter Royalty ("NSR"). The Company has available an option to purchase the NSR for US$500,000.

With the completion of the initial expenditures, registration of ownership of the property proceeded in accordance with the Joint Venture Agreement. As of August 9, 2011, Winnipeg Minerals S.A. ("WMSA") was incorporated in Argentina with the Company holding 75% and Lhotka holding 25% of the outstanding shares. The mineral claims were subsequently transferred to WMSA as of November 14, 2011.

On August 31, 2020, in accordance with the joint venture agreement, the Company recorded cumulative expenditures above $400,000 and thus the parties agreed to dilute the Lhotka interest by 20%. Accordingly, the Lhotka contribution outstanding after the incorporation of WMSA will be recorded as settled in full. As well, the Company's holding in WMSA increased to 95%. Accordingly, as of August 31, 2020, Lhotka's outstanding contribution is $Nil.

As of June 30, 2021, the cumulative loan to WMSA and expenses incurred by the Company after the incorporation of WMSA totals $143,968 (December 31, 2020- $139,615) with Plato accounting for $143,605 (December 31, 2020 - $139,470) and Lhotka $363 (December 31, 2020 - $145).

Effective September 1, 2020, the allocation of expenditures will be based on the 95% interest for the Company and 5% for Lhotka until cumulative expenditures exceed $500,000. The Company reported total due from Lhotka at December 31, 2020 of $145, offset by a full valuation allowance.

6. Mineral Properties and Deferred Exploration Costs (continued)

c) Lolita Project (continued)

The option agreement, including the amendment, was in good standing as of June 30, 2021 and there are no breaches of any covenants, terms or conditions in respect thereof.

Pursuant to an impairment analysis performed on the Company's Lolita property as at December 31, 2015, the Company decided to write down the carrying value of the property totaling $321,275 to $Nil. While the Company's interest in the Lolita project remains unchanged for the six months ended June 30, 2021, the Company has determined not to substantiate the carrying value of the properties until there are expenditures by the Company on exploration and evaluation of mineral resources for this property. Accordingly, all costs incurred to date were written off as an impairment loss. Should a valuation analysis be performed in the future such that the estimated recoverable amount of the Lolita property is greater than the carrying amount of $Nil, the impairment losses recognized in prior years could reverse in part, or in full.

In this situation, the carrying amount could be increased to an amount that does not exceed the original carrying amount that would have been determined had no impairment loss been recognized for the Lolita property in prior years. As of June 30, 2021, the Company has incurred and written down $379,624 (December 31, 2020 - $378,007) of project related costs.

d) Timmins Gold Project

The Timmins Gold Project is comprised of four properties along the DestorPorcupine Fault Zone located east of Timmins. The properties are comprised of 4 leases and 98 claims. The Company holds 100% interest in the Holloway and Marriott Properties. The Company holds 50% interest in the Guibord property with the remaining 50% held by Osisko, of which 10% is beneficially held for Kirland Lake. The Company holds 20% interest in the Harker property with the remaining 80% held by Osisko. The properties are subject to a 2% net smelter royalty held by a former director of the Company.

Pursuant to an impairment analysis performed on the Company's Timmins property as at December 31, 2015, the Company decided to write down the carrying value of the property at December 31, 2015 totaling $1,010,246 to $Nil. While the Company's interest in the Timmins project remains unchanged for the six months ended June 30, 2021, the Company has determined not to substantiate the carrying value of the properties until there are expenditures by the Company on exploration and evaluation of mineral resources for this property. Accordingly, all costs incurred to date were written off as an impairment loss during the six months ended June 30, 2021. Should a valuation analysis be performed in the future such that the estimated recoverable amount of the Timmins property is greater than the carrying amount of $Nil, the impairment losses recognized in prior years could reverse in part, or in full. In this situation, the carrying amount could be increased to an amount that does not exceed the original carrying amount that would have been determined had no impairment loss been recognized for the Timmins property in prior years. As of June 30, 2021, the Company has incurred and written down $1,094,572 (December 31, 2020 - $1,091,658) of project related costs.

Stated in Canadian Dollars

7. Due to Related Company

As at June 30, 2021, the Company owes $6,545 (December 31, 2020 - $6,545) to a related company. Amounts due to the related company are non-interest bearing, unsecured and due on demand. The Company and the related company have a director in common. This director is also a shareholder and an officer of both companies.

8. Loan Payable

On November 19, 2020, the Company obtained a $40,000 interest-free loan from the Government of Canada under the Canada Emergency Business Account ("CEBA") COVID-19 Economic Response Plan. The loan is interest free until December 31, 2022. If the Company has repaid at least $30,000 of the loan balance by December 31, 2022, the remaining $10,000 balance is forgiven. If $30,000 of the loan is not repaid by December 31, 2022, an interest rate of 5% per annum is charged on the remaining balance with interest payable on the last day of each month and the outstanding loan balance payable in full by December 31, 2025. The $40,000 of loan proceeds were initially recorded at fair value of $18,713 using an effective rate of 25% to determine the fair value of the interest-free period. The difference between the amount received in cash and the related fair value was recognized as a government grant on the statements of loss and comprehensive loss.

On February 2, 2021, the Company obtained additional $20,000 of loan proceeds as part of the expansion of the CEBA program. The terms of the CEBA program were amended such that if the Company has repaid at least $40,000 of the loan balance by December 31, 2022, the remaining $20,000 balance is forgiven. The additional $20,000 loan proceeds were initially recorded at fair value of $6,530 using an effective rate of 25% to determine the fair value of the interest-free period. The difference between the amount received in cash and the related fair value was recognized as a government grant on the statements of loss and comprehensive loss.

The summary of the residual value of the loan is as follows:

Balance - January 1, 2020	$	-
Loan received		40,000
Fair value adjustment attributed to government grant		(21,287)
Payments		-
Interest accretion		538
Balance - December 31, 2020	$	19,251
Balance - January 1, 2021	$	19,251
Loan received		20,000
Fair value adjustment attributed to government grant		(13,470)
Payments		-
Interest accretion		3,037
Balance - June 30, 2021	$	28,818

As at June 30, 2021, the loan payable has a face value of $60,000 (December 31, 2020 - $40,000).

Stated in Canadian Dollars

9. Share Capital

a) Authorized:

Unlimited common shares
Unlimited preferred shares

b) Common Shares Issued and Outstanding

	Number	Amount
Balance - January 1, 2020	204,449,727	$ 9,154,956
Issued for:		
Option agreement payment (note 6 (b))	300,000	9,000
Private placements completed on June 17, 2020 (ii)	3,069,990	153,500
Private placements completed on December 30, 2020 (iii)	1,100,000	29,265
Share issuance costs	-	(7,090)
Balance - December 31, 2020	208,919,717	$ 9,339,631
Balance - January 1, 2021	208,919,717	$ 9,339,631
Issued for:		
Option agreement payment (note 6 (b))	450,000	15,750
Flow-through share private placements completed on June 10, 2021 (v)	5,100,000	204,000
Private placements completed on June 10, 2021 (v)	1,900,000	53,246
Shares issued to agents (v)	96,000	2,690
Share issuance costs (v)	-	(20,732)
Balance - June 30, 2021	216,465,717	$ 9,594,585

During the year ended December 31, 2020, the following transactions occurred:

(i) On January 28, 2020, the Company issued 300,000 shares pursuant to an Option Agreement. The common share issuance was valued at $9,000 based on the Company's common share close price of $0.035 on the date of issuance. See note 6 (b) for more information regarding the Option Agreement and share issuance.

9. Share Capital (continued)

(ii) On June 17, 2020, the Company completed a non-brokered private placement of 3,069,990 common shares at a price of $0.05 each for total gross proceeds of $153,500. The Company incurred share issuance costs of $4,138 with regards to the private placement. Management participated in the private placement and contributed $79,000 to the Company in exchange for 1,580,000 common shares.

(iii) On December 30, 2020, the Company completed a non-brokered private placement of 1,100,000 units at a price of $0.05 each for total gross proceeds of $55,000. Each unit consists of one (1) common share and one (1) common share purchase warrant. Each warrant entitles the holder to purchase one (1) common share at a price of $0.10 per common share for a period of 36 months. The Company allocated $29,265 of the proceeds to common shares and $25,735 of the proceeds to warrants. The Company incurred share issuance costs of $2,952 with regards to the private placement. Management participated in the private placement and contributed $15,000 to the Company in exchange for 300,000 units.

During the six months ended June 30, 2021, the following transactions occurred:

(iv) On January 20, 2021, the Company issued 450,000 shares pursuant to an Option Agreement. The common share issuance was valued at $15,750 based on the Company's common share close price of $0.03 on the date of issuance. See note 6 (b) for more information regarding the Option Agreement and share issuance.

(v) On June 10, 2021, Company completed a non-brokered private placement and issued 5,100,000 flow-through common shares at a price $0.05 each for total gross proceeds of $255,000. In connection with the issuance of the 5,100,000 flow-through common shares, the Company recognized a flow-though share premium liability of $51,000 and the remaining $204,000 was recognized as share capital. The flow-through share premium liability was calculated based on the difference between the subscription of $0.05 and the Company's common share close price of $0.04 on the date of issuance.

Management and a Corporation controlled by a director participated in the private placements and contributed $110,000 to the Company in exchange for 2,200,000 flow-through common shares.

Concurrent with the issuance of the flow-through shares, the Company also issued 1,900,000 regular units at a price of $0.05 each for total gross proceeds of $95,000. Each unit consists of one (1) common share and one (1) common share purchase warrant. Each warrant entitles the holder to purchase one (1) common share at a price of $0.07 per common share for a period of 24 months. The Company allocated $53,246 of the proceeds to common shares and $41,754 of the proceeds to warrants.

Management participated in the private placements and contributed $55,000 to the Company in exchange for 1,100,000 units.

Stated in Canadian Dollars

9. Share Capital (continued)

In connection with the June 10, 2021 private placements, the Company paid cash commissions of $4,800 to certain agents who introduced investors to the Company. The Company also issued 96,000 units to the agents. Each unit consists of one (1) common share and one (1) common share purchase warrant. Each warrant entitles the holder to purchase one (1) common share at a price of $0.07 per common share for a period of 24 months. The units issued to agents were valued at $4,800 of which $2,690 was allocated to common shares and $2,110 was allocated to warrants. In total, the company incurred share issuance costs of $20,732 which included $15,932 of cash costs and non-cash costs of $4,800 for the units issued to agents.

10. Warrants

a) A summary of the status of the Company's warrants is as follows:

	Number	Amount	Weighted Average Exercise Price
Balance - January 1, 2020	5,725,000	$ 154,984	$ 0.10
Reclassification on expiry of warrants	(5,725,000)	(154,984)	0.10
Issued - December 30, 2020 (i)	1,100,000	25,735	0.10
Balance - December 31, 2020	1,100,000	$ 25,735	$ 0.10
Balance - January 1, 2021	1,100,000	$ 25,735	$ 0.10
Issued - June 10, 2021 (ii)	1,900,000	41,754	0.07
Issued to agents - June 10, 2021(ii)	96,000	2,110	0.07
Balance - June 30, 2021	3,096,000	$ 69,599	$ 0.08

During the year ended December 31, 2020, 5,725,000 warrants expired unexercised and were reclassified to contributed surplus.

(i) On December 30, 2020, the Company completed a non-brokered private placement of 1,100,000 units at a price of $0.05 each for total gross proceeds of $55,000. Each unit consists of one (1) common share and one (1) common share purchase warrant. Each warrant entitles the holder to purchase one (1) common share at a price of $0.10 per common share for a period of 36 months. The Company allocated $29,265 of the proceeds to common shares and $25,735 of the proceeds to warrants.

Stated in Canadian Dollars

10. Warrant (continued)

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

Expected dividend yield	Nil
Risk-free interest rate	0.29%
Expected life	3 years
Expected volatility	210%
Unit price	$0.05

(ii) On June 10, 2021, the Company completed a non-brokered private placement of 1,900,000 units at a price of $0.05 each for total gross proceeds of $95,000. Each unit consists of one (1) common share and one (1) common share purchase warrant. Each warrant entitles the holder to purchase one (1) common share at a price of $0.07 per common share for a period of 24 months. The Company allocated $53,246 of the proceeds to common shares and $41,754 of the proceeds to warrants.

In connection with the June 10, 2021 private placements (see note 9), the Company issued 96,000 units to the agents. Each unit consists of one (1) common share and one (1) common share purchase warrant. Each warrant entitles the holder to purchase one (1) common share at a price of $0.07 per common share for a period of 24 months. The units issued to agents were valued at $4,800 of which $2,690 was allocated to common shares and $2,110 was allocated to warrants.

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

Expected dividend yield	Nil
Risk-free interest rate	0.32%
Expected life	2 years
Expected volatility	196%
Unit price	$0.05

b) Finders Warrant

Pursuant to the Finder Agreement, on March 16, 2018 the Corporation granted Finders Warrants equal to 7% of the of the units issued under the offering.

Each Finders warrant will entitle the holder to purchase one Unit, at an exercise price equal to $0.10 per Warrant Unit for a period of 24 months from the closing date. The Warrants underlying the Units issuable upon exercise of the Finders Warrant will be void and of no value at the Expiry Time.

Stated in Canadian Dollars

10. Warrant (continued)

b) Finders Warrant (continued)

A summary of changes to Finders Warrant is as follows:

	Number	Amount	Weighted Average Exercise Price
Balance - January 1, 2020	154,000	$ 6,696	$ 0.10
Expired	(154,000)	(6,696)	0.10
Balance - December 31, 2020 and June 30, 2021	-	$ -	$ -

During the year ended December 31, 2020, 154,000 Finders Warrants expired unexercised.

11. Share-Based Compensation

a) Stock Option Plan

The Board of Directors has adopted a stock option plan for the Company (the "Plan"). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of options granted thereunder may not exceed 10% of the number of issued and outstanding shares at the time of granting the options. Options shall expire no later than ten years after the date of grant.

The exercise price of options granted pursuant to the Plan shall be established based on the average closing price of the shares for the five days prior to the date of grant or such other method of pricing as may be acceptable to the stock exchange on which the shares are listed. The options shall vest and may be exercised as determined by a resolution of the Board of Directors.

Stated in Canadian Dollars

11. Share-Based Compensation (continued)

b) A summary of changes to stock options is as follows:

	Number	Weighted Average Exercise Price
Balance - January 1, 2020	15,580,000	$ 0.10
Expired	(1,550,000)	-
Balance - December 31, 2020	14,030,000	$ 0.10
Granted/vested	5,100,000	0.05
Expired	(2,150,000)	-
Balance - June 30, 2021	16,980,000	$ 0.085

All outstanding options have fully vested and are exercisable.

(i) On April 22, 2021, the Company granted 5,100,000 of options to its directors, officers and consultants. Each option entitles the holder to acquire one common share of the Company at an exercise price of $0.05 per share for a period up to 10 years from the date the option was granted. The stock options vest immediately upon grant and are exercisable.

The Company recorded share-based compensation expense of $178,251 on the consolidated statement of loss and comprehensive loss for the 5,100,000 stock options granted. The fair value of the options granted was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.61%
Expected life	10 years
Expected volatility	204%
Stock price	$0.035

During the six months ended June 30, 2021, 2,150,000 options belonging to the Company's directors, officers and consultants expired unexercised.

During the year ended December 31, 2020, 1,550,000 options belonging to the Company's directors, officers and consultants expired unexercised.

Stated in Canadian Dollars

11. Share-Based Compensation (continued)

c) As at June 30, 2021, the following options were outstanding and exercisable:

	Number of Options		
Exercise Price	**Unvested**	**Vested**	**Expiry Date**
$ 0.100	-	6,630,000	October 29, 2028
$ 0.100	-	5,250,000	April 23, 2029
$ 0.050	-	5,100,000	April 22, 2031
	-	16,980,000	

12. Related Party Transactions

During the six months ended June 30, 2021, the Company:

a) Incurred rent of $1,200 (2020 - 1,200) with a related company. The Company and the related company have an officer in common. This officer is also a director and shareholder of both companies. As at June 30, 2021, accounts payable and accrued liabilities included $15,000 (December 31, 2020 - $13,800) related to rent payable.

b) Incurred consulting fees of $50 (2020 - $50) with the Company's CFO. As at June 30, 2021, accounts payable and accrued liabilities included $126,150 (December 31, 2020 - $165,024) of consulting fees payable to the CFO.

c) As at June 30, 2021, accounts payable and accrued liabilities included $14,750 (December 31, 2020 - $14,750) of consulting fees payable to the former Corporate Secretary.

d) Incurred consulting fees of $50 (2020 - $50) with the Company's current Corporate Secretary. As at June 30, 2021, accounts payable and accrued liabilities included $50 (December 31, 2020 - $Nil) of consulting fees payable to the current Corporate Secretary.

e) Incurred salaries of $50 (2020 - $50) with the Company's CEO. As at June 30, 2021, accounts payable and accrued liabilities included $25 (December 31, 2020 - $Nil) of salaries payable to the Company's CEO.

f) Incurred directors fees of $250 (2020 - $250). As at June 30, 2021, accounts payable and accrued liabilities included $43,700 (December 31, 2020 - $43,450) of directors' fees payable.

g) Other related party transaction information is disclosed in notes 7 and 9.

Stated in Canadian Dollars

13. Flow-Through Share Premium Liability

The following is a continuity schedule of the liability portion of the Corporation's flow-through share issuances:

Balance - January 1, 2021	$	-
Liability incurred on flow-though shares issued on June 10, 2021 (note 9)		51,000
Settlement of flow-through shares liability on incurring expenditures		-
Balance - June 30, 2021	$	51,000

On June 10, 2021, the Company issued 5,100,000 flow-through common shares at a price $0.05 each for total gross proceeds of $255,000. Under the terms of the flow-through share subscription agreements, the Company agreed to incur $255,000 of qualified Canadian resource expenditures (the "expenditures") by December 31, 2022 and renounce those expenditures to investors effective December 31, 2021. As at June 30, 2021, the Company has incurred $Nil of these expenditures.

14. Financial Instruments

a) Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at June 30, 2021, the Company had current assets of $309,285 (December 31, 2020 - $86,573) to settle current liabilities of $676,477 (December 31, 2020 - $629,697). With the exception of flow-through share premium liability, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company has no income and relies on equity financing to support its exploration program. Additional financing is required to fund the related operating expenses required to manage the Company through fiscal 2021. Management prepares budgets and ensures funds are available prior to commencement of any exploration program. During the six months ended June 30, 2021, the Company received the majority of its financing from sale of portfolio investments, loan proceeds and from private placements. During the year ended December 31, 2020, the Company received the majority of its financing from private placements.

b) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk relates to cash and other receivables. Cash is held with a reputable financial institution and is closely monitored by management. Other receivables includes HST receivable of $12,757 (December 31, 2020 - $22,321) and other amounts receivable of Nil (December 31, 2020 - $7,219).

14. Financial Instruments (continued)

c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates and equity prices.

(i) Foreign Exchange Risk

The Company is exposed to financial risk related to foreign exchange rates. The Company operates in Canada and Argentina. A significant change in the currency exchange rates between the Canadian dollar and Argentinean peso could have an effect on the Company's results of operations.

At June 30, 2021, the Company is exposed to currency risk through Argentinean cash expressed in Canadian dollars of $87 (December 31, 2020 - $123). A 10% depreciation or appreciation of the Canadian dollar against the Argentinean peso would result in an increase/decrease of approximately $9 (December 31, 2020 - $12) the Company's consolidated statement of comprehensive loss.

(ii) Equity Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's portfolio investments are subject to fair value fluctuations arising from changes in the equity market. As at June 30, 2021, should the equity prices of the Company's holdings increase or decrease by 5%, the impact on net loss would be approximately $4,089 (December 31, 2020 - $4,801).

15. Capital Disclosures

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan. As at June 30, 2021, the Company's capital consists of shareholders' equity in the amount of $1,464,447 (December 31, 2020- $1,260,506) and long-term loan payable of $28,818 (December 31, 2020 - $19,251).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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 Company does not have any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the six months ended June 30, 2021.