# STANDARD URANIUM LTD.

Condensed Consolidated Interim Financial Statements

July 31, 2021 and 2020

(Expressed in Canadian Dollars - unaudited)

## 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 consolidated 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 the entity's auditor.

**STANDARD URANIUM LTD.**
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

| | As at July 31, 2021 (unaudited) | As at April 30, 2021 |
|---|---|---|
| | $ | $ |
| **Assets** | | |
| Current assets | | |
| Cash | 559,471 | 1,510,211 |
| Amounts receivable (Note 4) | 111,312 | 288,137 |
| Prepaid expenses (Note 5) | 220,245 | 164,236 |
| Total current assets | 891,028 | 1,962,584 |
| Non-current assets | | |
| Deposits (Note 6) | 422,797 | 572,896 |
| Exploration and evaluation assets (Note 7) | 7,053,433 | 4,950,295 |
| Total assets | 8,367,258 | 7,485,775 |
| **Liabilities and shareholders' equity** | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 1,138,248 | 211,010 |
| Flow-through share premium liability (Note 8) | - | 88,032 |
| Total current liabilities | 1,138,248 | 299,042 |
| Deferred tax liability | 148,000 | 148,000 |
| Total liabilities | 1,286,248 | 447,042 |
| Shareholders' equity | | |
| Share capital (Note 9) | 8,900,070 | 8,900,070 |
| Subscriptions received (Note 9) | 258,300 | - |
| Contributed surplus (Note 9) | 1,649,287 | 1,569,500 |
| Deficit | (3,726,647) | (3,430,837) |
| Total shareholders' equity | 7,081,010 | 7,038,733 |
| Total liabilities and shareholders' equity | 8,367,258 | 7,485,775 |

Nature of and continuance of operations (Note 1)
Commitments (Note 13)
Subsequent events (Note 14)

Approved on behalf of the Board on September 27, 2021:

| | |
|---|---|
| */s/ Jon Bey* | */s/ Blair Jordan* |
| Jon Bey | Blair Jordan |

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

**STANDARD URANIUM LTD.**
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars - unaudited)

| | Three months ended July 31, 2021 | Three months ended July 31, 2020 (Restated – Note 3) |
|---|---|---|
| | $ | $ |
| Expenses | | |
| Consulting fees (Note 10) | 102,458 | 613,642 |
| Filing fees | 22,155 | 33,433 |
| General and administrative | 119,575 | 249,486 |
| Insurance | 5,775 | 2,875 |
| Investor relations | 36,553 | 4,229 |
| Professional fees | 5,841 | 1,225 |
| Rent (Note 10) | 11,698 | 5,345 |
| Share-based compensation (Notes 9, 10) | 79,787 | 564,421 |
| Loss before other income | 383,842 | 1,474,656 |
| Other income | | |
| Settlement of flow-through share premium liability | (88,032) | (7,694) |
| Net loss and comprehensive loss | 295,810 | 1,466,962 |
| Basic and diluted loss per share | $(0.00) | $(0.03) |
| Weighted average number of shares outstanding – basic and diluted | 92,758,453 | 52,789,284 |

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

## STANDARD URANIUM LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars - unaudited)

| | Share capital | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number | Amount | Subscriptions received | Shares issuable | Contributed surplus | Deficit (Restated – Note 3) | Total |
| | | $ | $ | $ | $ | $ | $ |
| Balance, April 30, 2020 | 38,008,334 | 1,329,699 | 812,476 | - | 94,500 | (1,302,323) | 934,352 |
| Common shares issued for cash | 26,897,359 | 3,946,653 | (812,476) | - | 866,712 | - | 4,000,889 |
| Common shares issued for property | 1,000,000 | 270,000 | - | - | - | - | 270,000 |
| Bonus incentive shares issuable | - | - | - | 168,000 | - | - | 168,000 |
| Share-based compensation | - | - | - | - | 564,421 | - | 564,421 |
| Net loss and comprehensive loss | - | - | - | - | - | (1,466,962) | (1,466,962) |
| Balance, July 31, 2020 | 65,905,693 | 5,546,352 | - | 168,000 | 1,525,633 | (2,769,285) | 4,470,700 |
| Balance, April 30, 2021 | 92,758,453 | 8,900,070 | - | - | 1,569,500 | (3,430,837) | 7,038,733 |
| Subscriptions received (Note 9) | - | - | 258,300 | - | - | - | 258,300 |
| Share-based compensation (Note 9) | - | - | - | - | 79,787 | - | 79,787 |
| Net loss and comprehensive loss | - | - | - | | - | (295,810) | (295,810) |
| Balance, July 31, 2021 | 92,758,453 | 8,900,070 | 258,300 | - | 1,649,287 | (3,726,647) | 7,081,010 |

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

## STANDARD URANIUM LTD.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars - unaudited)

| | Three months ended July 31, 2021 | Three months ended July 31, 2020 (Restated – Note 3) |
|---|---|---|
| | $ | $ |
| Cash provided by (used in): | | |
| Operating activities | | |
| Net loss | (295,810) | (1,466,962) |
| Items not effecting cash: | | |
| Share-based compensation | 79,787 | 564,421 |
| Shares issuable | - | 168,000 |
| Settlement of flow-through share premium liability | (88,032) | (7,694) |
| Changes in non-cash working capital items: | | |
| Amounts receivable | 176,825 | (269,208) |
| Prepaid expenses | (56,009) | (28,214) |
| Accounts payable and accrued liabilities | 927,238 | (66,951) |
| Net cash provided by (used in) operating activities | 743,999 | (1,106,608) |
| Investing activities | | |
| Exploration and evaluation assets | (1,953,039) | (221,514) |
| Net cash used in investing activities | (1,953,039) | (221,514) |
| Financing activities | | |
| Shares issued for cash, net of issuance costs | - | 4,235,189 |
| Share subscriptions received | 258,300 | - |
| Net cash provided by financing activities | 258,300 | 4,235,189 |
| Increase in cash | (950,740) | 2,907,067 |
| Cash, beginning | 1,510,211 | 777,069 |
| Cash, ending | 559,471 | 3,684,136 |
| Supplemental Disclosures: | | |
| Interest paid | - | - |
| Income taxes paid | - | - |
| Non-cash Investing Activity: | | |
| Shares issued for option payment for exploration and evaluation assets | - | 270,000 |

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

## 1. Nature and continuance of operations

Standard Uranium Ltd. (the "Company") was incorporated in the province of British Columbia on November 20, 2017. The Company is engaged in the exploration and evaluation of resource properties. The Company's registered office is #2200 – 855 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These consolidated 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 assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at July 31, 2021, the Company has not generated any revenue and has incurred losses since inception. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

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. The Company's operations have not been drastically impacted by the pandemic. Management of the Company continues to monitor the situation and is following the protocols and rules set in place by the provincial and federal governments.

## 2. Significant accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed, and therefore these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's April 30, 2021 audited annual consolidated financial statements and the notes to such financial statements.

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the condensed consolidated interim financial statements.

(Expressed in Canadian dollars - unaudited)

## 2. Significant accounting policies (continued)

| Name of subsidiary | Place of incorporation | Ownership interest |
|---|---|---|
| Standard Uranium (Saskatchewan) Ltd. | Saskatchewan | 100% |
| Standard Uranium Holdings (Saskatchewan) Ltd. | Canada | 100% |

These unaudited condensed consolidated interim financial statements are based on the IFRS issued and effective as of September 27, 2021 the date these unaudited condensed consolidated interim financial statements were authorized for issuance by the Company's Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements.

## 3. Effect of voluntary change in accounting policy

Effective May 1, 2020, as permitted under IFRS 6, Exploration for and Evaluation of Mineral Resources, the Company voluntarily changed its accounting policy for its exploration and evaluation ("E&E") expenditures, to capitalize the expenditures to the consolidated statements of financial position, while previously all of the E&E expenditures were expensed in the consolidated statements of loss and comprehensive loss in the year in which they were incurred.

The Company has determined that this voluntary change in accounting policy enhances the reliability of the consolidated financial statements. The Company determined that reflecting the E&E expenditures on the consolidated statements of financial position, and as part of investing activities on the consolidated statement of cash flows, better reflects the economic substance of its operations. The change in accounting policy has been applied retrospectively.

A reconciliation of the prior periods presented from the previously reported amounts to the restated amounts is as follows:

*Consolidated Statement of Financial Position as at May 1, 2020*

| | As previously reported | Effect of change in accounting policy | As restated under new policy |
|---|---|---|---|
| | $ | $ | $ |
| Non-current assets | | | |
| Exploration and evaluation assets | 100,000 | 385,427 | 485,427 |
| Total assets | 960,211 | 385,427 | 1,345,638 |
| Shareholders' equity | | | |
| Deficit | (1,687,750) | 385,427 | (1,302,323) |
| Total liabilities and shareholders' equity | (960,211) | 385,427 | (1,345,638) |

(Expressed in Canadian dollars - unaudited)

### 3. Effect of change in accounting policy (continued)

*Consolidated Interim Statement of Loss and Comprehensive Loss for the period ended July 31, 2020*

| | As previously reported | Effect of change in accounting policy | As restated under new policy |
|---|---|---|---|
| | $ | $ | $ |
| Expenses | | | |
| Exploration costs | 34,736 | (34,736) | - |
| Settlement of flow-through share premium liability | - | (7,694) | (7,694) |
| Loss and comprehensive loss | (1,509,392) | (42,430) | (1,466,962) |

*Consolidated Interim Statement of Cash Flows for the period ended July 31, 2020*

| | As previously reported | Effect of change in accounting policy | As restated under new policy |
|---|---|---|---|
| | $ | $ | $ |
| Operating activities | | | |
| Net loss | (1,509,392) | 42,430 | (1,466,962) |
| Cash used in (provided by) operating activities | (1,149,038) | 42,430 | (1,106,608) |
| | | | |
| Investing activities | | | |
| Exploration and evaluation assets | (179,084) | (42,430) | (221,514) |
| Cash used in investing activities | (179,084) | (42,430) | (221,514) |

### 4. Amounts receivable

Amounts receivable consist of GST receivable in the amount of $111,312 (April 30, 2021: $288,137).

### 5. Prepaid expenses

Prepaid expense consists of deposits and services to be rendered within the next 12 months of operations.

| | As at July 31, 2021 | As at April 30, 2021 |
|---|---|---|
| | $ | $ |
| Consulting services | 14,167 | - |
| Conferences | 132,731 | 78,065 |
| Investor relations and marketing prepayments | 27,500 | 45,403 |
| Others | 45,847 | 40,768 |
| Balance, ending | 220,245 | 164,236 |

### 6. Deposits

The Company's deposits as at July 31 and April 30, 2021 relate to drilling deposits for services to be rendered at its Davidson River property.

(Expressed in Canadian dollars - unaudited)

## 7. Exploration and evaluation assets

The Company has acquired an option to acquire 90% interest in the Davidson River Property (the "Property") for an aggregate sum of $1,000,000 and the issuance of 1,000,000 common shares of the Company. The Company has paid $225,000 and is required to pay an additional $775,000 over a period of five years from the date the Company was listed on a stock exchange. During the three months ended July 31, 2021, the Company made additional payment of $75,000 in cash. The Company was also required to issue 1,000,000 common shares on the date the Company was listed on a stock exchange. The common share were issued during the year ended April 30, 2021 and had a total fair value of $270,000 (Note 9). In addition, the Company has the right to acquire the remaining 10% interest in the Property for the sum of $10,000,000 if exercised within one year of March 1, 2018, and increased thereafter by inflation, expiring February 28, 2028.

| | July 31, 2021 | April 30, 2021 |
|---|---|---|
| | $ | $ |
| **Acquisition costs** | | |
| Balance, beginning | 420,000 | 100,000 |
| Additions | | |
| Shares issued | - | 270,000 |
| Cash payment | 75,000 | 50,000 |
| Balance, ending | 495,000 | 420,000 |
| **Deferred exploration costs** | | |
| Balance, beginning | 4,950,295 | 385,427 |
| Drilling | 1,680,314 | 3,217,820 |
| Consulting | 226,857 | 187,146 |
| Camp | 120,967 | 645,277 |
| Fuel | - | 94,625 |
| Balance, ending | 6,558,433 | 4,530,295 |
| **Total, ending** | **7,053,433** | **4,950,295** |

## 8. Flow-through share premium liability

a) On July 16, 2020, the Company completed a public offering of securities whereby the Company issued 11,715,000 flow-through units for gross proceeds of approximately $2,577,300. Each flow-through unit consisted of one flow-through common share and one or one-half share purchase warrant exercisable at a price of $0.30 per common share for a period of three years (Note 9(c)). The flow-through shares were issued at a premium of $0.02 per flow-through share, calculated as the difference in the price per flow-through unit and the price of a standard unit sold as part of the same offering, as tax deductions generated by the eligible expenditures will be passed through to the shareholders of the flow-through shares once the eligible expenditures are incurred and renounced.

   The total flow-through share premium liability related to the 11,715,000 flow-through shares was calculated to be $234,300 and represents the Company's obligation to spend $2,577,300 on eligible expenditures, which the Company is expected to incur before December 31, 2022 under the general rule and December 31, 2021 under the look-back rule.

**8. Flow-through share premium liability (continued)**

b) On October 21, 2020, the Company completed a public offering of securities whereby the Company issued 10,241,000 flow-through units for gross proceeds of approximately $2,253,020. Each flow-through unit consisted of one flow-through common share and one or one-half share purchase warrant exercisable at a price of $0.30 per common share for a period of three years(Note 9(f)). The flow-through shares were issued at a premium of $0.02 per flow-through share, calculated as the difference in the price per flow-through unit and the price of a standard unit sold as part of the same offering, as tax deductions generated by the eligible expenditures will be passed through to the shareholders of the flow-through shares once the eligible expenditures are incurred and renounced.

The total flow-through share premium liability related to the 10,241,000 flow-through shares was calculated to be $204,820 and represents the Company's obligation to spend $2,253,020 on eligible expenditures.

Expenditures related to the use of flow-through unit proceeds are included in exploration and evaluation assets, but are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors.

During the three months ended July 31, 2021, the Company incurred the remaining eligible expenditures and therefore as of July 31, 2021, the entire flow-through liability was settled.

**9. Share capital**

*Authorized share capital:*

Unlimited common shares without par value.

*Issued and outstanding:*

At July 31, 2021, there were 92,758,453 (April 30, 2021: 92,758,453) common shares issued and fully paid common shares outstanding.

During the three months ended July 31, 2021:

(a) As of July 31, 2021 the Company has received $258,300 (April 30, 2021: $nil) in subscriptions in advance of the issuance of common shares pursuant to an ongoing private placement (Note 14).

During the three months ended July 31, 2020:

(a) On May 4, 2021, pursuant to a prospectus dated April 27, 2020, the Company issued 470,000 units with each unit comprising of one common share and one share purchase warrant exercisable to purchase one additional common share of the Company at a price of $0.25 for a period of four years upon conversion of $70,500 of the subscriptions received as at April 30, 2020. In addition, the Company also issued 132,189 common shares upon the conversion of special warrants issued upon receipt of subscriptions totaling $19,828.

(b) The Company issued 4,966,670 units upon conversion of subscriptions received as at April 30, 2020. Each unit is comprised of one common share and one share purchase warrant exercisable to purchase one additional common share of the Company at a price of $0.25 for a period of four years.

(Expressed in Canadian dollars - unaudited)

**9. Share capital (continued)**

(c) The Company completed a public offering of securities whereby the Company issued 9,613,500 units and 11,715,000 flow-through units for gross proceeds of $4,500,000 (Note 8). Each unit is comprised of one common share and one-half of one share purchase warrant and each flow-through unit is comprised of one flow-through common share and one-half of one share purchase warrant. Each whole warrant is exercisable to purchase one additional common share of the Company at a price of $0.30 for a period of three years, subject to acceleration provisions.

In connection with the public offering, the Company paid broker fees of $265,335 in cash and issued 978,625 broker's warrants with a total fair value of $100,043. Each broker's warrant is exercisable into one additional common share of the Company at a price of $0.20 for a period of three years.

(d) The Company issued 1,000,000 common shares with a fair value of $270,000 to the optionor for the Davidson River Property upon listing on the TSX-V (Note 7).

*Reserves:*

The share-based payment reserve records items recognized as stock-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.

*Options:*

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The terms of the granted options are fixed by the Board of Directors and are not to exceed ten years. The exercise price of options are determined by the Board of Directors, but shall not be less than the closing price of the Company's common shares on the day preceding the option grant date, less any discount permitted by the Exchange

Options granted under the plan may vest immediately on grant, or over a period as determined by the Board of Directors or, in respect of options granted for investor relations services, as prescribed by Exchange policy.

A continuity schedule of the Company's outstanding stock options for the three months ended July 31, 2021 and 2020 are as follows:

| | **July 31, 2021** | | **July 31, 2020** | |
|---|---|---|---|---|
| | **Number outstanding** | **Weighted average exercise price** | **Number outstanding** | **Weighted average exercise price** |
| Outstanding, beginning of period | **5,730,000** | $ 0.18 | - | $ - |
| Granted | 1,385,000 | 0.25 | 5,000,000 | 0.18 |
| **Outstanding and exercisable, end of period** | **7,115,000** | **$ 0.20** | **5,000,000** | **$ 0.18** |

(Expressed in Canadian dollars - unaudited)

## 9. Share capital (continued)

*Options (continued):*

At July 31, 2021, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

| Expiry date | Options outstanding | Exercise price | | Weighted average remaining contractual life (years) |
|---|---|---|---|---|
| May 4, 2030 | 1,750,000 | $ | 0. 15 | 8.76 |
| July 2, 2025 | 3,230,000 | $ | 0. 20 | 3.92 |
| January 5, 2021 | 750,000 | $ | 0. 20 | 3.44 |
| June 1, 2026 | 1,325,000 | $ | 0. 25 | 4.84 |
| December 1, 2021 | 60,000 | $ | 0. 25 | 0.34 |

The Company calculates the fair value of the stock options granted using the Black-Scholes option pricing model. The Black-Scholes option pricing model inputs for options granted and vested during the year ended July 31, 2021 are as follows:

| Grant Date | Expiry Date | Exercise Price | Risk-Free Interest Rate | Expected Life | Volatility Factor | Dividend Yield | Fair Value |
|---|---|---|---|---|---|---|---|
| June 1, 2021 | June 1, 2026 | $0.25 | 0.51% | 3 years | 72% | 0% | $0.11 |
| June 1, 2021 | December 1, 2021 | $0.25 | 0.32% | 0.5 years | 80% | 0% | $0.05 |

The risk-free interest rate is based on the Canadian government bond rate for a similar term as the expected life of the stock options. The forfeiture rate assumption is based on historical results and the annualized volatility is based on comparable companies' historical share prices. The 5 year life options granted on June 1, 2021 vest in three tranches, with one third immediately vesting and the other two over the following two years. The options granted on June 1, 2021 and expiring on December 1, 2021 vested immediately.

Total expense arising from share-based compensation recognized related to the options granted during the year ended July 31, 2021 was $79,787 (July 31. 2020- $564,421l), using the Black-Scholes option pricing model.

*Warrants:*

A continuity schedule of the Company's outstanding common share purchase warrants for the three months ended July 31, 2021 and 2020 is as follows:

| | July 31, 2021 | | | July 31, 2020 | | |
|---|---|---|---|---|---|---|
| | Number outstanding | | Weighted average exercise price | Number outstanding | | Weighted average exercise price |
| Outstanding, beginning of period | 31,858,296 | $ | 0.28 | 15,807,552 | $ | 0.12 |
| Granted | - | | - | 17,079,545 | | 0.23 |
| **Outstanding and exercisable, end of period** | **31,858,296** | **$** | **0.28** | **32,887,097** | **$** | **0.17** |

(Expressed in Canadian dollars - unaudited)

## 9. Share capital (continued)

*Warrants (continued):*

At July 31, 2021, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

| Grant Date | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| November 26, 2018 | 5,764,333 | 0.25 | November 26, 2022 |
| March 24, 2020 | 15,660 | 0.25 | March 24, 2024 |
| April 20, 2020 | 15,799 | 0.25 | April 20, 2024 |
| May 4, 2020 | 5,436,670 | 0.25 | May 4, 2024 |
| June 25, 2020 | 10,664,249 | 0.30 | June 25, 2023 |
| June 25, 2020 | 978,625 | 0.20 | June 25, 2023 |
| October 21, 2020 | 962,460 | 0.20 | October 21, 2023 |
| October 21, 2020 | 8,020,500 | 0.30 | October 21, 2023 |
| Total | 31,858,296 | | |

The Company allocates the fair value to share purchase warrants issued as part of units with common shares using the residual method. The fair value of share purchase warrants granted as compensation to finders and consultants is calculated using the Black-Scholes option pricing model.

## 10. Related party transactions and balances

The Company's key management comprises of its officers and directors. During the three months ended July 31, 2021 the Company paid an officer and director $50,320 (July 31, 2020: $40,000) for consulting services and rent, and an officer $15,000 (July 31, 2020: $39,500) for consulting services.

As of July 31, 2021, there was $8,785 (April 30, 2020: $5,000) owing to companies controlled by certain officers and directors of the Company. The amounts owing are unsecured, non-interest bearing, have no fixed terms of repayment and are due on demand. The Company has also prepaid $14,167 (April 30, 2021: $25,700) to certain officers of the Company in connection with expenses to be incurred on behalf of the Company or services to be provided to the Company.

During the three months ended July 31, 2020, the Company issued a one-time bonus to the Company's Chief Executive Officer. The bonus consisted of 800,000 common shares and a one-time cash payment of $94,000. The common shares were issuable as at July 31, 2020 and recorded at their fair market value of $168,000.

During the three months ended July 31, 2021, the Company incurred share-based compensation of $34,446 (July 31, 2020 - $504,438) for options granted to officers and directors of the Company.

During the three months ended July 31, 2021, the Company incurred director's fees of $18,000 (July 31, 2020 - $nil).

## 11. Financial instruments and risks

(a) Fair values

The fair value of accounts payable approximates its carrying values due to the short-term to maturities of the financial instrument.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Credit risk is assessed as low.

(d) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Liquidity risk is assessed as high.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

## 12. Capital management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support acquisition and exploration of resource 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 Company is dependent on external financing to fund its activities. In order to carry out exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new exploration and evaluation assets and seek to acquire interests in 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 since inception. The Company is not subject to externally imposed capital requirements.

## 13. Commitments

Pursuant to the option agreement entered into between the Company and the counter party (Note 7), the Company is committed to the following payment schedule:

(a) On signing of this Agreement, pay the sum of $100,000 to 877384 (acknowledged as paid);

(b) Within five (5) Business Days of a Going Public Transaction, pay the sum of $50,000 (paid during the year ended April 30, 2021);

(c) Within twelve (12) months of a Going Public Transaction, pay the sum of $75,000 (paid during the three months ended July 31, 2021);

(d) Within twenty-four (24) months of a Going Public Transaction, pay the sum of $100,000;

(e) Within thirty-six (36) months of a Going Public Transaction, pay the sum of $125,000;

(f) Within forty-eight (48) months of a Going Public Transaction, pay the sum of $200,000;

(g) Within sixty (60) months of a Going Public Transaction, pay the sum of $350,000; and

(h) On the date of, and concurrently with, a Going Public Transaction, issue 1,000,000 Shares (issued during the year ended April 30, 2021).

## 14. Subsequent events

Subsequent to July 31, 2021:

On August 10, 2021, the Company closed a brokered private placement for gross proceeds of $5 million, through the issuance of 8,296,833 units at a price of $0.24 per unit and 11,353,812 flow-through unit at a price of $0.265 per flow-through unit. Each unit consists of one common share and one half of one common share purchase warrant and each flow-through unit consists of flow-through share and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.36 at any time on or before August 10, 2024.

In connection with the offering, the Company paid the agents a total cash commission of $247,757 and issued 927,341 broker warrants. Each broker warrant is exercisable to acquire on unit at a price of $0.24 at any time on or before August 10, 2024. The agents also received an advisory fee related to the offering of $33,755 in cash and 128,659 broker warrants.

Subsequent to July 31, 2021 the Company received gross proceeds of $1,618,224 in connection with the exercise of 5,617,020 common share purchase warrants.