OUTBACK GOLDFIELDS CORP.

(Formerly Skarb Exploration Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

June 30, 2021 and 2020

(Expressed in Canadian Dollars)

D&H Group LLP
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Independent Auditor's Report

To the Shareholders of Outback Goldfields Corp. (formerly Skarb Exploration Corp.)

Opinion

We have audited the consolidated financial statements of Outback Goldfields Corp. (formerly Skarb Exploration Corp.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2021 and June 30, 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and June 30, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Gordon Cummings.

"D&H Group LLP"

Vancouver, B.C.
September 20, 2021

Chartered Professional Accountants

OUTBACK GOLDFIELDS CORP.
Consolidated Statements of Financial Position
As at June 30, 2021 and 2020
(Expressed in Canadian Dollars)

	Note	2021	2020
ASSETS			
Current			
Cash		**$ 6,802,090**	$ 130,980
Accounts receivable	7	**169,594**	3,764
Prepaids	8	**425,837**	6,090
		$ 7,397,521	$ 140,834
Non-Current			
Equipment		**33,313**	-
Exploration & evaluation assets	10	**22,129,083**	7,656
Reclamation bond		**16,900**	
TOTAL ASSETS		**$ 29,576,817**	$ 148,490
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	**$ 406,228**	**$** 13,274
Promissory notes	11	**-**	27,000
TOTAL LIABILITIES		**$ 406,228**	$ 40,274
EQUITY			
Share capital	12	**$ 31,259,203**	**$** 528,150
Contributed surplus	12	**1,470,469**	148,433
Accumulated deficit		**(3,559,083)**	(568,367)
TOTAL EQUITY		**$ 29,170,589**	$ 108,216
TOTAL LIABILITIES AND EQUITY		**$ 29,576,817**	$ 148,490

Nature of operations and going concern (Note 1).

These consolidated financial statements were authorized for issue by the Board of Directors on September 17, 2021.

/s/ "*Craig Parry*"

CRAIG PARRY, Chairman

/s/ "Ota Hally"

OTA HALLY, Chief Financial Officer

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

OUTBACK GOLDFIELDS CORP.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended June 30, 2021 and 2020
(Expressed in Canadian Dollars)

		2021		2020
Expenses				
Accounting and legal	**$**	**187,260**	$	15,929
Office and administrative		**142,298**		12,585
Management and professional fees		**821,881**		7,066
Marketing and investor services		**595,876**		-
Exploration cost write-off		**-**		116,362
Share-based compensation		**1,202,363**		139,889
Transfer agent, listing and filing fees		**79,488**		19,007
Total Expenses	**$**	**3,029,166**	$	**310,838**
Other Income				
Interest income		**28,138**		-
Foreign exchange gain (loss)		**10,312**		-
Total Other Income	**$**	**38,450**	$	**-**
Loss and comprehensive loss	**$**	**(2,990,716)**	$	**(310,838)**
Loss per common share – basic and diluted	**$**	**(0.08)**	$	(0.05)
Weighted average number of common shares outstanding, basic and diluted		**35,689,915**		5,883,833

The presentation of 2020 figures have been changed for more comparative purposes.

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

OUTBACK GOLDFIELDS CORP.
Consolidated Statements of Changes in Equity
For the years ended June 30, 2021 and 2020
(Expressed in Canadian Dollars)

	Note	Common Shares	Share Capital	Contributed surplus Option Reserve	Contributed surplus Warrant Reserve	Accumulated Deficit	Total
Balance as at June 30, 2019		**5,883,833**	**$ 528,150**	**$ 8,544**	**$ -**	**$ (257,529)**	**$ 279,165**
Share-based compensation		-	-	139,889	-	-	**139,889**
Net loss for the year		-	-	-	-	(310,838)	**(310,838)**
Balance as at June 30, 2020		**5,883,833**	**$ 528,150**	**$ 148,433**	**$ -**	**$ (568,367)**	**$ 108,216**
Issuance of shares in September 2020		6,667	2,000	-	**-**	**-**	**2,000**
Issuance of units for private placement	6	19,010,000	11,406,000	-	-	**-**	**11,406,000**
Subscription costs for private placement		-	(598,274)	-	**-**	**-**	**(598,274)**
Broker warrants for private placement	6	-	(155,055)	-	155,055	-	**-**
Stock options exercised	12	136,667	76,382	(35,382)	**-**	**-**	**41,000**
Share-based compensation	12	-	-	1,202,363	**-**	**-**	**1,202,363**
Shares issued for Victorian gold projects	5	33,333,333	20,000,000	-	**-**	**-**	**20,000,000**
Net loss for the year		-	-	-	-	(2,990,716)	**(2,990,716)**
Balance as at June 30, 2021		**58,370,500**	**$ 31,259,203**	**$1,315,414**	**$ 155,055**	**$ (3,559,083)**	**$ 29,170,589**

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

OUTBACK GOLDFIELDS CORP.
Consolidated Statements of Cash Flows
For the years ended June 30, 2021 and 2020
(Expressed in Canadian Dollars)

	Note		2021		2020
Cash flows from (used in) operating activities					
Net loss for the year		**$**	**(2,990,716)**	$	(310,838)
Adjustments for items not representing changes in cash and cash equivalents					
Share-based compensation	12(c)		**1,202,363**		139,889
Amortization			**2,659**		**-**
Write-off of exploration asset			**-**		116,362
Changes in non-cash working capital					
Amounts receivable	7		**(165,830)**		(2,969)
Prepaids	8		**(419,747)**		9,030
Accounts payable and accrued liabilities	9		**392,954**		(16,055)
Net cash generated (used) in operating activities		**$**	**(1,978,317)**	$	(64,581)
Cash flows from (used in) investing activities					
Expenditure on exploration and evaluation asset	10	**$**	**(1,702,835)**	$	(19,310)
Acquisition costs of exploration and evaluation asset			**(418,592)**		-
Reclamation bond			**(16,900)**		-
Acquisition of equipment			**(35,972)**		-
Net cash (used) in investing activities		**$**	**(2,174,299)**	$	(19,310)
Cash flows from financing activities					
Proceeds from issuance of common shares and warrants	6	**$**	**11,408,000**	$	-
Share issuance cost	6		**(598,274)**		-
Promissory note repayment	11		**(27,000)**		-
Proceeds from option exercises			**41,000**		-
Net cash provided by financing activities		**$**	**10,823,726**	$	-
Change in cash		**$**	**6,671,110**	$	(83,891)
Cash, beginning of period			**130,980**		214,871
Cash, end of period		**$**	**6,802,090**	$	130,980

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Outback Goldfields Corp., formerly Skarb Exploration Corp., (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on March 6, 2018. In December 2020, the Company moved its jurisdiction of incorporation to British Columbia and completed the process in January 2021. The Company's head office is located at Suite 700 – 1090 West Georgia St., Vancouver, British Columbia. The Company's principal business activities include the acquisition and exploration of mineral property assets.

On December 15, 2020, the Company acquired certain gold projects located in Victoria, Australia including an exploration license for the Yeungroon Gold Project, and a right, title and interest in a mining joint venture agreement for the Glenfine Gold Project. In addition, three exploration license applications were acquired for the Silver Spoon Orogenic Gold Project, an additional part of the Yeungroon Gold Project and the Ballarat West Gold Project as part of the acquisition (Note 4). In December 2020, along with changing its name to Outback Goldfields Corp., the Company's trading symbol on the Canadian Securities Exchange was changed to "OZ" and the Company completed a 3 for 1 security consolidation.

The Company's common shares were first listed on the Canadian Securities Exchange under the symbol "SKRB" on February 13, 2019. Since October 2019, the Company has held 100% interests in the Gossan and SBS properties, located in the Spences Gold Belt in British Columbia. The Company terminated its option agreement to acquire the RDR Project in Quebec, its original qualifying property, on March 24, 2020. In the year ended June 30, 2021 the Company began trading on the Frankfurt exchange under the symbol "S600" and on the OTCQB under the symbol "OZBKF".

The company structure is comprised of the parent company Outback Goldfields Corp. and its sole 100% owned subsidiary Outback Goldfields Australia Pty Ltd incorporated in Australia.

Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at June 30, 2021, the Company had working capital of $6,991,293 and incurred accumulated losses of $3,559,083. The Company expects to incur further losses in the development of its business but is sufficiently funded to execute its business plans for at least the next 12 months. To continue as a going concern, the Company will be dependent upon its ability to develop the business further, generate future profitable operations and/or obtain additional financing.

COVID-19

The COVID-19 global pandemic has adversely affected the global economy. The Company's business travel has been restricted and various business operations including permitting processes and exploration mobilization has seen delays. The pandemic may impact the ability to raise funds in the future due to unforeseen circumstances including market volatility and investor apprehension. As of June 30, 2021, the pandemic has not had a material impact on the Company however due to ongoing focus by management on the situation and taking measures to mitigate the effects.

2. BASIS OF PREPARATION

a) **Statement of Compliance**

These consolidated financial statements, including comparative financial information have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

b) **Basis of Measurement**

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars (CAD) unless otherwise stated.

c) **Consolidation of Group Accounts**

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Outback Goldfields Australia Pty Ltd ("Outback Australia"), incorporated in Australia in November 2020, just prior to acquiring the Victorian Gold Projects. Outback Australia has a functional currency of Canadian Dollars. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

d) **Security Consolidation (3 old shares for 1 new share)**

On December 11, 2020, the outstanding securities of the Company were consolidated at 3:1. All outstanding shares, options and warrants were adjusted with a 3:1 consolidation ratio, as well adjusting any and all strike prices by the same ratio. All information and amounts in these financial statements reflect retrospective treatment of the consolidation unless specifically identified and described as such.

3. SIGNIFICANT ACCOUNTING POLICIES

a) **Cash**

Cash includes cash on hand with a Canadian chartered bank.

b) **Foreign Currencies**

The Company's functional and presentation currency is Canadian dollars.

Transactions denominated in currencies other than the Canadian dollar are translated using the exchange rate in effect on the transaction date or at an average rate. Under this method, monetary items are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at the historical rate. Exchange gains or losses on translation are recorded on the consolidated statements of loss and comprehensive loss.

c) **Exploration and Evaluation Assets**

All costs related to the acquisition, exploration and evaluation of mineral properties are capitalized as incurred and deferred until management establishes technical feasibility and economic feasibility of a property. When technical feasibility and commercial viability of a property is demonstrated, exploration and evaluation assets will be reclassified into property.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

Exploration and evaluation assets are assessed for impairment when facts or circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount. If any such indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The estimated recoverable amount is determined on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, in which case the recoverable amount is estimated at the cash generating unit ("CGU") level. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company will measure, present and disclose any resulting impairment loss.

d) **Impairment of Long-lived Assets**

The carrying value of long-lived assets, which consist primarily of mineral properties, is reviewed at each reporting date to determine whether there is any indication that the carrying value of the asset may not be recoverable. If indication does exist, the recoverable amount is estimated which is the higher of fair value less cost to sell and the value in use. An impairment loss would be recorded in the statements of loss and comprehensive loss for the amount the carrying value exceeds the recoverable amount. Impairment is assessed at a CGU level.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of recoverable amount. An impairment loss is reversed through the statements of loss and comprehensive loss only to the extent that the assets or CGU's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU.

e) **Equipment Amortization**

The cost of equipment with a life greater than one year is amortized over its estimated useful life less any expected salvage value.

f) **Stock Options**

The fair value of stock options granted is recognized as an expense over the vesting period with a corresponding increase in equity (contributed surplus). The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. When stock-options are exercised, shares are granted and the amount previously recorded in equity (contributed surplus) is credited to share capital less consideration paid on exercise.

g) **Share Capital**

Common shares and warrants are classified as equity instruments. Costs directly identifiable to the issuance of new shares are shown in equity as a deduction to the related proceeds. Warrants issued to brokers or agents as a part of a financing transaction are fair valued used the Black-Scholes option pricing model and recorded in share capital and contributed surplus as issuance costs. If the Company issues units as part of a financing transaction, where such units consist of both common shares and share purchase warrants, the fair value of the warrants is determined using the residual value method, where first, the common shares are valued and the remaining balance is allocated to the warrants.

h) **Loss per Share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share, where applicable, is determined by adjusting the

loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

i) **Income Taxes**

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using income tax rates and income tax laws that have been enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

j) **Financial Instruments**

The Company's financial instruments are classified and subsequently measured in the following categories: amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). The classification is determined at initial recognition. A financial asset is derecognized when the contractual rights to cash flows from the financial asset expire, or when all associated risks and rewards of ownership of the asset are transferred. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

i) Financial assets and liabilities at amortized cost

Financial assets and liabilities categorized as amortized costs are initially recognized at fair value, adjusted for transaction costs, and subsequently carried at amortized cost less any impairment.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Gains and losses on derecognition of financial assets and liabilities categorized as amortized costs are recognized in the statements of loss and comprehensive loss.

ii) Financial assets at FVTOCI

Investments in equity instruments categorized as FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income, and with gains and losses on derecognition of such assets remaining in accumulated other comprehensive income.

iii)Financial assets and liabilities at FVTPL

Financial assets and liabilities categorized as FVTPL are recorded initially at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in financial assets and liabilities classified as FVTPL are recognized in the statements of loss and comprehensive loss in the period they are realized.

k) **New Accounting Pronouncements**

The International Accounting Standards Board continually issues new and amended standards and interpretations which may need to be adopted by the Company. The Company continually assesses the impact that the new and amended standards and interpretations may have on its financial statements or whether to early adopt any of the new requirements. No new or amended standards and interpretations

affected the financial statements for the year ending June 30, 2021.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain.

The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Impairment of exploration and evaluation assets
Management applies judgement in assessing, each reporting period, whether there are any indicators of impairment related to exploration and evaluation assets. If an indicator exists, the recoverability of the exploration and evaluation asset is assessed using estimates, judgements and assumptions. To estimate recoverability, management considers current and forecasted commodity prices as well as the economic viability of the project. For the year ended June 30, 2021 there were no impairment indicators related to exploration and evaluation assets.

Share-based payments
The Company measures the fair value of its share-based payments using a valuation model which requires management to use judgements and estimates in determining the inputs of such model. These inputs include volatility, spot price of the underlying shares, and expected life of the share option.

Valuation and allocation of consideration paid to acquired mineral properties
Management applies judgement in determining the valuation of consideration paid for properties when acquired. Relevant factors and indicators are evaluated including current share price at time of acquisition, volume of shares traded at time of acquisition, and recent material financings. Furthermore, management applies judgement in determining the allocation of consideration paid amongst properties when acquired. Relevant factors and indicators are evaluated including status of the ability to explore, the geological prospectivity of the property, and land area open to exploration.

Tax loss utilization
Management applies judgement in assessing, each reporting period, whether incurred losses have the potential to be utilized against future profits.

5. ACQUISITION OF VICTORIAN GOLD PROJECTS

On December 15, 2020, the Company closed the acquisition of the Victorian Gold Projects (the “transaction”) pursuant to the terms of an asset purchase agreement. The Company acquired, from Petratherm Ltd. (“Petratherm” – ASX listed symbol “PTR”), one exploration license, three exploration license applications and the right, title and interest in a mining and joint venture agreement by issuing 33,333,333 common shares (“Payment Shares”) of the Company.

Petratherm distributed the Payment Shares to its shareholders on a pro rata, in-specie basis by way of dividend, reduction of stated capital, or other type of distribution on April 19, 2021 pursuant to the asset purchase agreement following a 125 day hold period, during which the shares were held in trust for Petratherm’s shareholders. As such,

there is no change of control of, or significance influence over the Company as the distributed shares of Outback Goldfields are widely held.

The transaction was accounted for as an asset purchase of mineral property interests as it did not meet the definition of a business combination under IFRS 3. The fair value of the consideration has been valued at $20,000,000 or $0.60 per share, which was consistent with the value received for the private placement shares issued which closed on November 17, 2020 and constitutes a material non-cash transaction. The entire value of consideration transferred has been allocated to Exploration and Evaluation Assets (Note 10) on the balance sheet. The total transaction costs related to this acquisition for the year ended June 30, 2021 was $418,592 and are capitalized to Exploration and Evaluation Assets as acquisition costs.

On April 22, 2021 following the expiry of the restricting period, Petratherm distributed all of the shares in Outback Goldfields to it shareholders. Following the disposition of disposed shares Petratherm holds nil shares of Outback Goldfields.

6. PRIVATE PLACEMENT

On November 17, 2020, before the 3 for 1 security consolidation discussed in Note 2, the Company closed a non-brokered private placement by issuing 57,030,000 units, with each unit consisting of one share and one-half of a warrant at $0.20 per unit for gross proceeds of $11,406,000. The warrants were valued at $NIL per warrant, a residual amount, as required under IFRS.

Following the 3 for 1 consolidation, the $0.50 exercise price of the warrants became $1.50 and the warrants issued became 9,505,000. Each full warrant entitles the holder to acquire one common share for a period of two years (expiry date of November 16, 2022), subject to an accelerated expiry if the volume weighted average trading price of the Company's shares is greater than $2.25 per share for a period of 10 consecutive trading days (the "Acceleration Event"). The Company may give notice to the holders of the Acceleration Event and the warrants will expire 30 days thereafter if unexercised.

Finder's fees and other subscription costs of $598,274 cash and 2,538,450 pre-3-for-1 consolidation broker warrants with an exercise price of $0.50, expiring on November 16, 2022 were issued in connection with the private placement. Following the consolidation, this warrant count became 846,150 with a strike price of $1.50. The cash transaction fees were treated as share issuance costs in share capital.

7. ACCOUNTS RECEIVABLE

The Company's accounts receivable consists entirely of GST receivables in Canada and Australia (2020 - only in Canada).

8. PREPAIDS

The Company's prepaids consists of insurance prepaids $21,322 (2020 - $6,090), and the balance of various prepaid service contract expensed over their terms (2020 – $NIL).

9. ACCOUNTS PAYABLE

The Company's accounts payable consists of normal course operating payables settled in due course as per their terms.

10. EXPLORATION AND EVALUATION ASSETS

During the year ended June 30, 2021, the Company acquired four mineral exploration projects (Victorian Gold Projects) in the Fosterville Gold District in the state of Victoria, Australia, as described in Note 5, for consideration of $20,000,000 by way of issuance of 33,333,333 common shares and incurred $418,592 in transaction related fees. Since the fair value of the mineral properties could not be estimated reliably, the Company used the fair value of

share capital paid. The Company determined that the $0.60 per share valuation of the Private Placement Units was the best indicator of fair value for the Payment Shares issued for these assets. Management allocated the consideration paid to each of the mineral properties acquired based on judgement and stage of granting of the licences as well as readiness to be explored.

	Yeungroon property	Glenfine property	Ballarat West property	Silver Spoon property	Gossan and SBS properties	Total
Opening balance as at July 1, 2020	$ -	$ -	$ -	$ -	$ 7,656	$ 7,656
Acquisition costs	$ 8,575,808	$ 5,717,206	$ 3,062,789	$ 3,062,789		$ 20,418,592
Exploration costs						
Chemical analysis	2,610	16,036	-	-	-	18,646
GIS & data management	81,698	14,817	4,406	4,741	-	105,662
Drilling and trenching		1,307,911			-	1,307,911
Geological services	14,170	125,235	17,286	10,416	-	167,107
Geophysical surveys	7,301	732	2,082	2,256	-	12,371
Materials and supplies		49,905			-	49,905
Project management	8,889	11,994	3,106	5,783	-	29,772
Recording and filing	1,733	4,531	-	-	-	6,264
Travel	205	4,787	-	205	-	5,197
	116,606	1,535,948	26,880	23,401	-	1,702,835
Closing balance as at June 30, 2021	$ 8,692,414	$ 7,253,154	$ 3,089,669	$ 3,086,190	$ 7,656	$ 22,129,083

During the year ended June 30, 2020, the comparative activity to the above table was only the staking costs incurred for the Gossan and SBS properties of $7,656, and the write-off of exploration and acquisition costs of the Company's original qualifying property, the RDR Gold property, of $116,362.

For the Gossan and SBS properties, the Company acquired 100% interest and was only required to pay the staking claim fees. The Company is evaluating options and future plans for these properties

11. PROMISSORY NOTES

On December 10, 2018, the Company repurchased common shares from related parties in exchange for the issuance of two promissory notes. Each promissory note had a principal amount equal to $13,500 (the original subscription price for the Common Shares), payable on demand with interest calculated at the rate of 3% per annum. The Company repaid both notes in the year ended June 30, 2021, including accrued interest.

12. SHARE CAPITAL

a) **Authorized Capital:**

Unlimited number of common shares with no par value.

b) **Shares**

Material movements in the Company's share transactions are as follows in the year ended June 30, 2021:

On November 17, 2020, the Company issued shares in connection with the private placement as described in Note 6.

On December 11, 2020, all shares outstanding were consolidated at a 3:1 ratio. All outstanding shares, options and warrants were adjusted with a 3:1 consolidation ratio, as well adjusting all strike prices by the

same ratio. All information and amounts in these financial statements reflect retrospective treatment of the consolidation unless specifically identified and described as such.

On December 15, 2020, the Company issued 33,333,333 consolidated shares in relation to the acquisition of the Victorian Gold Projects (Note 5).

c) **Stock Options**

At its AGM on November 19, 2020, the Company adopted a new revised stock option plan that allows issuance for up to 10% of its outstanding shares on a rolling basis amongst other terms of the plan. The purposes of the plan continue to be (a) support the achievement of the Company's performance objectives and (b) ensure that interests of key persons are aligned with the success of the Company. The Company implemented its original share option plan in July 2018. The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model and are amortized over their vesting period.

On October 21, 2019, the Company granted 523,333 stock options with an exercise price of $0.30 and expire 5 years from the grant date and were all vested and expensed immediately. Assumptions used to determine the fair value of the options: Average expected life, 5 years; Forfeiture rate, NIL; Volatility, 131%; and risk-free rate, 2.13%.

On December 15, 2020, the Company issued 5,383,333 stock options. The options granted have an exercise price of $0.60, expire in 3 years from the grant date and vest in 3 tranches over 2 years with the first 1/3 vesting immediately and the subsequent two tranches one year apart. The grant price was in line with the private placement share price completed in November 2020. The following were the assumptions used to determine that the fair value is $0.37 per option: Average expected life, 3 years; Forfeiture rate, NIL; Volatility, 100%; and risk-free rate, 0.29%. The full grant value will be expensed over the vesting period.

For the year ended June 30, 2021, $1,202,363 was expensed as stock compensation expense ($139,889 for the year ended June 30, 2020).

A summary of the Company's share options is as follows:

	Number of options outstanding	Weighted average exercise price
As at June 30, 2019	58,333	$0.30
Granted	523,333	0.30
As at June 30, 2020	581,667	0.30
Exercised	(136,667)	0.30
Granted	5,383,333	0.60
As at June 30, 2021	**5,828,333**	**$0.58**

The following is a summary of share options outstanding and exercisable at June 30, 2021:

Expiry date	Number exercisable	Number outstanding	Exercise price
October 21, 2024	386,667	386,667	$0.30
July 9, 2028	58,333	58,333	0.30
December 15, 2023	1,783,158	5,383,333	0.60
Balance	**2,228,158**	**5,828,333**	**$0.58**

d) **Warrants**

The following is a summary of warrants outstanding at June 30, 2021:

Expiry date	Number exercisable	Exercise Price
November 16, 2022 – Unit Warrants	9,505,000	$1.50
November 16, 2022 – Broker warrants	846,150	1.50
Balance	**10,351,150**	**$1.50**

The broker warrants related to the private placement were valued using the Black Scholes valuation model due to the nature of the warrants being a compensation instrument under IFRS and were valued at $0.06 per warrant. The following were the assumptions used in determining the fair value of the warrants: Average expected life, 2 years; Forfeiture rate, NIL; Volatility, 100%, and risk-free rate, 0.25%.

13. RELATED PARTY DISCLOSURES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, and are considered related parties. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Payments to key management personnel in the year ended June 30, 2021 were made pursuant to their contracts and agreements in place and consist of cash-based payments as well stock-based compensation arising from amortization of options granted, summarized in the following table:

	Year ended June 30,	
	2021	**2020**
Director remuneration	$ 128,707	$ -
Officer & key management remuneration	353,584	-
Advisory and other service fees	324,000	-
Share-based compensation	1,023,561	139,889
Total	$ 1,829,852	$ 139,889

During the year ended June 30, 2021, no common shares were issued to related parties of the Company, but certain officers and directors of the Company participated in the private placement described in Note 6, acquiring shares of the Company.

The Company sub-leases its office space and receives shared services from an entity controlled by its Chairman. Sub-lease costs, office expenses, human resource support, and related fees of $12,000 per month came into effect December 1, 2020 and are being incurred and paid monthly. In addition, transaction advisory fees of $240,000 related to the Petratherm asset transaction were incurred upon closing of the transaction for services provided by this same entity and were capitalized to the cost of the properties acquired. All dealings with this entity are at fair market value for services received by the Company.

14. COMMITMENTS

The Company's three-year Vancouver office shared space sub-lease entered into as of December 1, 2020 has an annual cost of $144,000. The contract has an option to be terminated upon 6 months notice and the Company has determined IFRS 16 does not apply. Minimum exploration spend commitments associated with granted exploration licences at the Victorian Gold Projects are as follows: $412,050 for year ended June 30, 2022; $468,900 for year ended June 30, 2023; $472,400 for year ended June 30, 2024; $372,400 for year ended June 30, 2025; and $486,100 for year ended June 30, 2026.

15. CAPITAL MANAGEMENT

The Company's capital consists of share capital, promissory notes, warrant and option reserves. The Company manages its capital structure based on the funds available to the Company, in order to support exploration. The Board of Directors does not impose quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the management of capital, the Company considers all types of equity and is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

16. INCOME TAXES

The provision for income taxes differs from the amount that would have been obtained by applying the statutory income tax rate to the Company's net loss. A reconciliation of income taxes at statutory rates with the reported taxes for the years ended June 30, 2021 and 2020 are as follows:

	Year ended June 30,	
	2021	**2020**
Net loss for the year	$ (2,990,716)	$ (310,838)
Expected income tax recovery	(807,493)	(83,926)
Difference due to foreign tax rates and other	5,923	-
Non-deductible items	324,638	69,400
Deductible share issuance costs	(161,534)	-
Unrecognized benefit of income tax losses	638,466	14,526
Income tax expense	$ -	$ -

The income tax effects of temporary differences that give rise to components of deferred income tax assets and liabilities are solely due to non-capital losses and are unrecognized as they are not expected to be utilized in the foreseeable future, the amount being $720,067 as at June 30, 2021 (2020 - $81,600).

The Company has non-capital losses for income tax purposes of approximately $2,667,132 (2020 - $302,200) available to reduce future years' taxable income. The benefit of these non-capital losses has not been recognized in the Company's accounts as it is unknown when such benefit will be realized. The non-capital losses expire between the 2038 and 2041 fiscal years.

17. FINANCIAL INSTRUMENTS

a) **Fair Value**

The fair value of the Company's financial instruments approximates their carrying value as of June 30, 2021 because of the demand nature or short-term maturity of these instruments.

b) **Financial Risk Management Objectives and Policies**

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued

liabilities and promissory notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i) **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. As at June 30, 2021, the Company has cash on deposit with a large Canadian bank. Management believes the risk of loss to be remote.

ii) **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As of June 30, 2021, the Company had working capital of $6,991,293 including cash of $6,802,090.

iii) **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 and equity prices. The Company does not expect exchange rates or interest rates to have a material impact to the Company in the foreseeable future. Commodity and equity prices however can affect the ability to raise capital in the future should that be needed.

iv) **Currency Risk**

The Company's operating costs are primarily in Canadian dollars and Australian dollars, therefore any fluctuations of the Canadian dollar in relation to the Australian dollar may affect the profitability and value of some assets and liabilities of the Company. Management believes that at June 30, 2021, any currency risk from foreign exchange conversion is not significant.

v) **Interest Rate Risk**

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates.

Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of the balance sheet date.

18. SEGMENTED INFORMATION

The Company is in the exploration stage and has no segment revenues or operating results. The following table discloses the Company's assets by geographic segment as at June 30, 2021 (June 30, 2020 - all assets were in Canada).

	Canada	Australia	Total
Current assets	$ 7,230,398	$ 167,123	$ 7,397,521
Non-current assets	7,656	22,171,640	22,179,296
Total	$ 7,238,054	$ 22,338,763	$ 29,576,817