



(Formerly Golden Opportunity Resources Corp.)

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2021 AND 2020
(Expressed in Canadian dollars)
(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee. The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of condensed interim financial statements by an entity's auditors.

SILVER SANDS RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars) (unaudited)

| | July 31, 2021 | January 31, 2021 |
|---|------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 1,776,503 | \$ 2,301,533 |
| Prepaid expenses | 14,740 | 131,051 |
| GST receivable | 66,401 | 61,129 |
| | 1,857,644 | 2,493,713 |
| EXPLORATION AND EVALUATION ASSETS (Note 4) | 3,894,797 | 3,033,399 |
| | \$ 5,752,441 | \$ 5,527,112 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (Note 5) | \$ 78,914 | \$ 47,813 |
| | 78,914 | 47,813 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 6) | 7,672,787 | 6,935,028 |
| Contributed surplus | 1,030,953 | 1,021,116 |
| Deficit | (3,030,213) | (2,476,845) |
| | 5,673,527 | 5,479,299 |
| | \$ 5,752,441 | \$ 5,527,112 |

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS (Note 4)
SUBSEQUENT EVENT (Note 10)

Approved and authorized for issue on behalf of the Board on September 29, 2021.

"Keith Anderson" Director "Alexander Helmel" Director

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

SILVER SANDS RESOURCES CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars) (unaudited)

| | Three months ended July 31, 2021 | Three months ended July 31, 2020 | Six months ended July 31, 2021 | Six months ended July 31, 2020 |
|--|--|--|--------------------------------------|--------------------------------------|
| EXPENSES | | | | |
| Advertising and promotion | \$ 63,367 | \$ 68,774 | \$ 289,660 | \$ 72,274 |
| Consulting fees (Note 7) | 72,197 | 50,400 | 156,197 | 82,920 |
| Management fees (Note 7) | 30,000 | 18,000 | 60,000 | 30,000 |
| Office and Miscellaneous | 1,921 | 5,124 | 3,101 | 5,579 |
| Professional fees | 8,512 | 28,516 | 13,898 | 41,956 |
| Property investigation costs | - | - | - | 1,360 |
| Share-based payments (Notes 6 and 7) | 637 | 339,668 | 9,837 | 342,971 |
| Transfer agent and filing fees | 9,192 | 13,555 | 20,674 | 17,593 |
| NET LOSS AND COMPREHENSIVE LOSS | \$ 185,826 | \$ 524,038 | \$ 553,367 | \$ 594,654 |
| LOSS PER SHARE (basic and diluted) | \$ (0.00) | \$ (0.01) | \$ (0.01) | \$ (0.02) |
| WEIGHED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (basic and diluted) | 57,132,819 | 36,447,537 | 56,243,294 | 26,203,096 |

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

SILVER SANDS RESOURCES CORP.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars) (unaudited)

| | Common Shares | | Subscriptions Received | Contributed Surplus | Deficit | Total |
|--|-----------------------------|------------------|-----------------------------------|--------------------------------|--------------------|------------------|
| | Number of Shares | Amount | | | | |
| | | \$ | | \$ | \$ | \$ |
| Balance, January 31, 2021 | 55,926,241 | 6,935,028 | - | 1,021,116 | (2,476,845) | 5,479,299 |
| Shares issued for exercise of warrants | 36,800 | 3,680 | - | - | - | 3,680 |
| Shares issued for exercise of options | 150,000 | 18,750 | - | - | - | 18,750 |
| Shares issued for exploration assets | 2,805,212 | 715,329 | - | - | - | 715,329 |
| Share-based payments | - | - | - | 9,837 | - | 9,200 |
| Net loss for the period | - | - | - | - | (553,368) | (553,368) |
| Balance, July 31, 2021 | 58,918,253 | 7,672,787 | - | 1,030,953 | (3,030,213) | 5,673,527 |
| Balance, January 31, 2020 | 14,331,001 | 581,046 | - | 152,500 | (525,333) | 208,213 |
| Shares issued for private placements | 23,006,667 | 2,187,680 | - | 84,500 | - | 2,272,180 |
| Shares issued for exercise of warrants | 46,000 | 4,600 | - | - | - | 4,600 |
| Shares issued for exploration assets | 5,245,269 | 1,026,459 | - | - | - | 1,026,459 |
| Share-based payments | - | - | - | 342,971 | - | 342,971 |
| Net loss for the period | - | - | - | - | (594,654) | (594,654) |
| Balance, July 31, 2020 | 42,628,937 | 3,799,785 | - | 579,971 | (1,119,987) | 3,259,769 |

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

SILVER SANDS RESOURCES CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars) (unaudited)

| | Six months ended July 31, 2021 | Six months ended July 31, 2020 |
|---|---|---|
| CASH PROVIDED BY (USED IN): | | |
| OPERATING ACTIVITIES | | |
| Net loss for the year | \$ (553,367) | \$ (594,654) |
| Items not involving cash: | | |
| Share-based payments | 9,837 | 342,971 |
| Changes in non-cash working capital balances: | | |
| Amounts receivable | (5,272) | (27,180) |
| Accounts payable and accrued liabilities | 31,101 | 38,528 |
| Prepaid expense | 116,311 | (157,800) |
| Cash used in operating activities | (401,389) | (398,135) |
| INVESTING ACTIVITIES | | |
| Exploration and evaluation assets | (146,069) | (145,522) |
| Cash (used in) provided by investing activities | (146,069) | (145,522) |
| FINANCING ACTIVITIES | | |
| Net proceeds of issuance of common shares | - | 2,276,780 |
| Proceeds from exercising options | 18,750 | - |
| Proceeds from exercising warrants | 3,680 | - |
| Cash provided by financing activities | 22,430 | 2,276,780 |
| INCREASE (DECREASE) IN CASH | (525,030) | 1,733,124 |
| CASH, BEGINNING | 2,301,533 | 103,724 |
| CASH, ENDING | \$ 1,776,503 | \$ 1,836,847 |
| Non-cash items: | | |
| Shares issued for exploration and evaluation assets | \$ - | \$ - |

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

SILVER SANDS RESOURCES CORP. (formerly Golden Opportunity Resources Corp.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2021 AND 2020
(Expressed in Canadian dollars) (unaudited)

1. NATURE OF OPERATIONS

Silver Sands Resources Corp. (the “Company” or “Silver Sands”) (formerly “Golden Opportunity Resources Corp.”) was incorporated on January 31, 2018 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 830-1100 Melville Street, Vancouver, British Columbia, Canada. On, November 27, 2019, the Company’s common shares commenced trading on the Canadian Securities Exchange (the “Exchange”). On June 8, 2020, the Company changed its name to Silver Sands Resources Corp. and changed its symbol to “SAND”.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at January 31, 2021, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company had a deficit of \$3,030,213 as at July 31, 2021, which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These unaudited condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These unaudited condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the Financial Reporting Interpretations Committee (“IFRIC”). These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements and notes thereto as of and for the year ended January 31, 2021.

These unaudited condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on September 29, 2021.

b) Basis of presentation

The unaudited condensed interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended January 31, 2021.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

3. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Other new accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. EXPLORATION AND EVALUATION ASSETS

Maple Bay Coastal Copper Project

Pursuant to an option agreement dated March 12, 2018 (the "Agreement"), with Rich River Exploration and Craig A. Lynes (collectively, the "Optionors"), the Company was granted an option to acquire a 100% undivided interest in the Coastal Copper Claim (the "Property") located near Maple Bay area, Stewart district, British Columbia.

In accordance with the Agreement, the Company had the option to acquire 51% undivided interest (earned) in the Property by paying \$5,000 (paid) in cash upon execution of the Agreement. The Company has the option to earn the remaining 49% interest in the Property by issuing 600,000 common shares to the Optionors, making cash payments totaling \$155,000, and incurring a total of \$600,000 in exploration expenditures.

The Property is comprised of one mineral claim.

The Optionors will retain a 3% Net Smelter Returns ("NSR") royalty on the Property. The Company has the right to purchase the first 1% for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production. On November 24, 2020, prior to the second anniversary of the listing, the Company announced the termination of the Agreement and subsequently recorded a mineral property impairment of \$115,911 during the year ended January 31, 2021.

Detour Lake Claims

On February 3, 2020, the Company entered into a property option agreement to acquire 100% of the optionor's rights, title and interest in and to certain mineral property claims in the Detour Lake district, Ontario, Canada by making cash payments, share issuances, and work commitments as follows:

| | Common Shares | Cash | Exploration Expenditures |
|--|--------------------------|---------------|-------------------------------------|
| | Number | \$ | \$ |
| Upon closing of the agreement (<i>issued and paid</i>) | 1,500,000 | 20,000 | - |
| On or before February 3, 2021 | 1,500,000 | 25,000 | 100,000 |
| On or before February 3, 2022 | - | 50,000 | 250,000 |
| On or before February 3, 2023 | - | - | 300,000 |
| Total | 3,000,000 | 95,000 | 650,000 |

The optionors retain a 3% NSR of which the Company can purchase two-thirds (2%) for CAD \$1,000,000. The Company decided not to proceed with the Detour Lake project during the year ended January 31, 2021, as such, the option agreement was terminated and the project was fully impaired during the year ended January 31, 2021.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Virginia Silver Project, Santa Cruz, Argentina

On May 20, 2020 the Company closed the Virginia Silver acquisition with Mirasol Resources Ltd. ("Mirasol"), allowing the Company to earn a 100% interest, subject to a 3% NSR, by making cash payments, share issuances, and exploration expenditures as follows:

Cash payments *:

- US\$25,000 payment on execution of the original letter of intent (paid)
- US\$25,000 payment on signing the agreement with Mirasol (paid)

* Cash payments will be applied as a credit towards year one exploration expenditures below.

Share issuances:

- 9.9% of the issued and outstanding shares of the Company upon signing of the agreement: (3,745,269 shares have been issued);
- the number of shares equivalent to 5% of the Company on first anniversary date (2,805,212 shares have been issued);
- the number of shares equivalent to 5% of the Company on second anniversary date; and
- the number of shares required such that Mirasol's holdings are 19.9% of the Company on the third anniversary date following the issuance of the shares.

Exploration expenditures:

- complete \$1,000,000 (U.S.) * of exploration expenditures on the property within year one;
- complete \$2,000,000 (U.S.) * of exploration expenditures on the property within year two; and
- complete \$3,000,000 (U.S.) * of exploration expenditures on the property within year three.

* Excess expenditures in previous years may be applied to subsequent years.

A summary of expenditures at the Company's projects is outlined in the following table:

| | Virginia Silver Argentina | Detour Lake Claims | Maple Bay Coastal Copper Project | Total |
|---|------------------------------|--------------------------|--|---------------------|
| Balance, January 31, 2020 | \$ - | \$ - | \$ 115,911 | \$ 115,911 |
| Property acquisition costs | 892,092 | 222,600 | - | 1,114,692 |
| Exploration costs | | | | |
| Geological | 2,141,307 | 120,392 | - | 2,261,699 |
| Write off of exploration and evaluation assets | - | (342,992) | (115,911) | (458,903) |
| Balance, January 31, 2021 | \$ 3,033,399 | \$ - | \$ - | \$ 3,033,399 |
| Property acquisition costs | 715,329 | - | - | 715,329 |
| Exploration costs | | | | |
| Geological | 146,069 | - | - | 146,069 |
| Balance, July 31, 2021 | \$ 3,894,797 | \$ - | \$ - | \$ 3,894,797 |

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | July 31, 2021 | January 31, 2021 |
|---------------------|------------------|------------------|
| Accounts payable | \$ 53,914 | \$ 27,813 |
| Accrued liabilities | 25,000 | 20,000 |
| | \$ 78,914 | \$ 47,813 |

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6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% every six months from date of listing. At July 31, 2021, there were 900,001 common shares held in escrow.

c) Share Issuances: As at July 31, 2021, 58,918,253 common shares were issued and outstanding.

During the six months ended July 31, 2021

The Company issued 36,800 common shares pursuant to the exercise of 36,800 warrants at \$0.10 per share for proceeds of \$3,800.

Pursuant to a property option agreement with Mirasol on May 20, 2020, the Company issued 2,805,212 common shares with a fair value of \$715,329 (note 4).

The Company issued 150,000 common shares pursuant to the exercise of 150,000 options at \$0.125 per share for proceeds of \$18,750.

During the year ended January 31, 2021:

Pursuant to a property option agreement dated February 3, 2020, the Company issued 1,500,000 common shares with a fair value of \$202,500 (note 4).

Pursuant to a property option agreement with Mirasol on May 20, 2020, the Company issued 3,745,269 common shares with a fair value of \$823,959 (note 4).

On May 20, 2020, the Company issued 22,000,000 units for gross proceeds of \$2,200,000. Each unit consists of one common share in the capital of the Company and one-half of one warrant of the Company. Each whole warrant entitles the holder thereof to acquire one common share of the Company at an exercise price of \$0.25 per share at any time prior to May 21, 2022.

In connection with the financing, the Company paid 7% cash finders' fees totalling \$75,250, legal fees of \$8,729 and issued 752,500 broker warrants which have the same terms as the subscriber warrants described above. The fair value of the brokers warrants was calculated to be \$102,634 using the Black-Scholes Option Pricing Model and the following weighted average assumptions: Expected life – 2 years, Risk-free rate – bond equivalent yield – 0.30%, Annualized volatility – 130%, Dividend yield – 0%.

On July 16, 2020, the Company issued 1,006,667 Flow Through ("FT") units for gross proceeds of \$151,000. Each FT unit consists of one flow-through common share at \$0.15 per share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share (which is not a flow-through share) at \$0.30 per common share for a period of 24 months following the date of issuance. The warrants are subject to an acceleration right that allows the company to give notice of an earlier expiry date if the company's share price on the Canadian Securities Exchange (or such other stock exchange the shares may be trading on) is equal to or greater than 50 cents for a period of 10 consecutive trading days. The company has paid 7% cash finders' fees totalling \$3,570 and issued 23,800 broker warrants that have the same terms as the subscribers' warrants described above. The fair value of the brokers warrants was calculated to be \$3,200 using the Black-Scholes Option Pricing Model and the following weighted average assumptions: Expected life – 2 years, Risk-free rate – bond equivalent yield – 0.265%, Annualized volatility – 130%, Dividend yield – 0%.

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6. SHARE CAPITAL (continued)

c) Share Issuances (continued)

On August 21, 2020, the Company closed a non-brokered private placement for aggregate gross proceeds of \$2,750,000 through the issuance of up to 11,000,000 units of the Company at a price of \$0.25 per unit. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant.

Each warrant entitles the holder to acquire one share at a price of \$0.30 per share for a period of 24 months following the date of issuance. The warrants are subject to an acceleration right that allows the company to give notice of an earlier expiry date if the company's share price on the Canadian Securities Exchange (or such other stock exchange the shares may be trading on) is equal to or greater than \$0.50 for a period of 10 consecutive trading days.

The Company has paid 7% cash finders' fees totalling \$88,725 and issued 354,900 broker warrants, which have the same terms as the subscribers' warrants described above. The fair value of the brokers warrants was calculated to be \$112,183 using the Black-Scholes Option Pricing Model and the following weighted average assumptions: Expected life – 2 years, Risk-free rate – bond equivalent yield – 0.28%, Annualized volatility – 130%, Dividend yield – 0%.

The Company issued 2,043,304 common shares pursuant to the exercise of 2,043,304 warrants between \$0.10 and \$0.30 per share for proceeds of \$548,330.

The Company issued 300,000 common shares pursuant to the exercise of 300,000 options between \$0.10 and \$0.15 per share for proceeds of \$37,500.

d) **Warrants:**

Warrant transactions and the number warrants outstanding are summarized as follows:

| | Number of warrants | Weighted average exercise price (\$) |
|----------------------------------|---------------------------|---|
| Balance, January 31, 2020 | 4,243,600 | 0.23 |
| Issued | 18,134,534 | 0.27 |
| Expired | (750,000) | (0.30) |
| Exercised | (2,043,304) | 0.27 |
| Outstanding, January 31, 2021 | 19,584,830 | 0.26 |
| Issued | - | - |
| Expired | - | - |
| Exercised | (36,800) | 0.10 |
| Outstanding July 31, 2021 | 19,548,030 | 0.26 |

The following table summarizes the warrants outstanding as at July 31, 2021:

| Exercise price | Number of warrants outstanding and exercisable | Expiry date |
|-----------------------|---|--------------------|
| \$0.25 | 1,268,000 | November 26, 2021 |
| \$0.10 | 182,996 | November 26, 2021 |
| \$0.25 | 11,715,000 | May 20, 2022 |
| \$0.30 | 527,134 | July 16, 2022 |
| \$0.30 | 5,854,900 | Aug 22, 2022 |
| | 19,548,030 | |

Weighted average remaining warrant life at July 31, 2021: 0.85 years.

6. SHARE CAPITAL (continued)

e) **Stock Options:**

The Company adopted a Stock Option Plan (the "Plan"). Under the Plan, the Company can issue up to 10% of the issued and outstanding common shares as incentive stock options to directors, officers, employees, and consultants to the Company. The Plan limits the number of stock options which may be granted to any one individual to not more than 5% of the total issued common shares of the Company in any 12-month period. The Plan also limits the stock options which may be granted to any one individual if the exercise would result in the issuance of common shares more than 2% in any 12-month period. The number of options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued common shares of the Company. As well, stock options granted under the Plan may be subject to vesting provisions as determined by the Board of Directors.

On February 12, 2021, the Company granted 50,000 stock options to consultants of the Company at an exercise price of \$0.25 for a period of five years from the date of grant, with all options vested immediately upon grant. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.25, expected life 5 years, risk-free dividend equivalent yield 0.509%, annualized volatility 100%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$9,200.

On December 4, 2020, the Company granted 250,000 stock options to certain directors and officers of the Company at an exercise price of \$0.255 for a period of five years from the date of grant, with all options vested immediately upon grant. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.255, expected life 5 years, risk-free dividend equivalent yield 0.500%, annualized volatility 130%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$54,559.

On November 4, 2020, the Company granted 100,000 stock options to certain directors and officers of the Company at an exercise price of \$0.25 for a period of five years from the date of grant, with all options vested immediately upon grant. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.25, expected life 5 years, risk-free dividend equivalent yield 0.380%, annualized volatility 130%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$20,458.

On September 30, 2020, the Company granted 1,100,000 stock options to certain directors and officers of the Company at an exercise price of \$0.225 for a period of five years from the date of grant, with all options vested immediately upon grant. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.225, expected life 5 years, risk-free dividend equivalent yield 0.360%, annualized volatility 130%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$221,909.

On May 26, 2020, the Company granted an aggregate of 2,150,000 stock options to certain directors, officers, and consultants of the Company at an exercise price of \$0.20 for a period of five years from the date of grant. 2,100,000 of the options vested immediately and 50,000 of the options vest as follows: 25% immediately, 25% on August 26, 2020, 25% on November 26, 2020, and 25% on February 26, 2021. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.20, expected life 5 years, risk-free dividend equivalent yield 0.40%, annualized volatility 130%, dividend rate 0%. Accordingly, the fair value of these options vested during the year ended January 31, 2021 was calculated to be \$347,398.

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6. SHARE CAPITAL (continued)
e) Stock Options (continued)

On May 21, 2020, the Company granted 150,000 stock options to a consultant of the Company at an exercise price of \$0.125 for a period of five years from the date of grant. The options grant vests as follows: 25% immediately, 25% on August 22, 2020, 25% on November 22, 2020, and 25% on February 22, 2021. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.22, expected life 5 years, risk-free dividend equivalent yield 0.42%, annualized volatility 130%, dividend rate 0%. Accordingly, the fair value of these options vested during the year ended January 31, 2021 was calculated to be \$25,624.

On April 24, 2020, the Company granted 150,000 stock options to a consultant of the Company at an exercise price of \$0.125 for a period of five years from the date of grant. The options grant vests as follows: 25% immediately, 25% on July 24, 2020, 25% on October 24, 2020, and 25% on January 24, 2021. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.125, expected life 5 years, risk-free dividend equivalent yield 0.43%, annualized volatility 130%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$15,345.

Option transactions and the number of options outstanding are summarized as follows:

| | Options Outstanding | Weighted- Average Exercise Price | Weighted- Average Remaining Contractual Life (years) |
|-----------------------------------|------------------------|---|--|
| Outstanding, January 31, 2020 | 1,433,100 | \$ 0.13 | 4.38 |
| Issued | 3,900,000 | \$ 0.21 | - |
| Exercised | (300,000) | \$ 0.13 | - |
| Outstanding, January 31, 2021 | 5,033,100 | \$ 0.19 | 4.27 |
| Issued | 50,000 | \$ 0.25 | - |
| Exercised | (150,000) | \$ 0.125 | - |
| Outstanding, July 31, 2021 | 4,933,100 | \$ 0.19 | 3.79 |

The following table summarizes the options outstanding as at July 31, 2021:

| Exercise price | Number of options outstanding | Expiry date |
|----------------|----------------------------------|--------------------|
| \$ 0.10 | 450,000 | March 19, 2024 |
| \$ 0.15 | 683,100 | January 24, 2025 |
| \$0.22 | 150,000 | May 20, 2025 |
| \$0.20 | 2,150,000 | May 25, 2025 |
| \$0.225 | 1,100,000 | September 20, 2025 |
| \$0.25 | 100,000 | November 4, 2025 |
| \$0.255 | 250,000 | December 4, 2025 |
| \$0.25 | 50,000 | February 12, 2026 |
| | 4,933,100 | |

7. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management includes directors and key officers of the Company, including the President, Chief Executive officer and Chief Financial Officer.

During the six months ended July 31, 2021 the Company paid \$78,000 (2020: \$92,500) in consulting fees and \$60,000 (2020: \$Nil) in management fees to key management of the Company and incurred a share-based payment of \$Nil (2020: \$211,371) to key management of the Company.

At July 31, 2021, \$Nil (2020: \$Nil) was owed to related parties.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has classified its cash and GST receivables measured at fair value in the statement of financial position using level 1 inputs. Accounts payable are classified as other liabilities, and their fair values approximate their carrying values due to the short terms to maturity.

Financial risk management objectives and policies

The Company's financial instruments include cash, loan payable, and accounts payable. 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) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Financial risk management objectives and policies (continued)

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

COVID-19 Pandemic

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, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for natural resources and harm our business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

10. SUBSEQUENT EVENTS

None