Consolidated Financial Statements

AVIDIAN GOLD CORP.

For the years ended June 30, 2021 and 2020

(Expressed in US dollars)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Avidian Gold Corp.

Opinion

We have audited the consolidated financial statements of Avidian Gold Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of operations and comprehensive loss, consolidated statements of change in shareholders' 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 consolidated financial position of the Company as at June 30, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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. 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 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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McGovern Hurley

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 IFRS, 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 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 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 judgement 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 risks 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.

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 of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
October 27, 2021

AVIDIAN GOLD CORP.
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AVIDIAN GOLD CORP.
Consolidated Statements of Financial Position
As at June 30, 2021 and 2020
(Expressed in US Dollars)

	2021	2020
	$	$
Assets		
Current		
Cash	**5,218,564**	927,739
Amounts receivable and prepaids	**191,936**	107,056
Total current assets	**5,410,500**	1,034,795
Non-current assets		
Equipment (Note 6)	**106,569**	98,612
Total assets	**5,517,069**	1,133,407
Liabilities		
Current		
Trade payables and accrued liabilities (Note 11)	**357,520**	165,650
Total current liabilities	**357,520**	165,650
Non-current liabilities		
Warrant liability (Note 8)	**2,849,727**	175,968
Convertible debenture (Note 13)	**-**	434,084
Total liabilities	**3,207,247**	775,702
Shareholders' Equity		
Issued capital (Note 7(b))	**19,334,419**	12,340,136
Share-based payment reserve (Note 7(c))	**1,635,251**	1,080,303
Deficit	**(19,271,606)**	(13,296,856)
Equity attributable to shareholders of the Corporation	**1,698,064**	123,583
Non-controlling interest (Note 9)	**611,758**	234,122
Total equity	**2,309,822**	357,705
Total liabilities and shareholders' equity	**5,517,069**	1,133,407

DESCRIPTION OF BUSINESS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 14 and 16)
SUBSEQUENT EVENTS (Note 17)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by David C. Anderson, Director

Original signed by Dino Titaro, Director

AVIDIAN GOLD CORP.
Consolidated Statements of Operations and Comprehensive Loss
Years ended June 30, 2021 and 2020
(Expressed in US Dollars)

	2021	2020
	$	$
Operating Expenses		
Exploration and evaluation expenditures (Note 14)	**3,434,181**	1,791,357
General and administrative (Note 12)	**767,934**	501,024
Convertible debenture interest (Note 13)	**137,494**	68,070
Accretion (Note 13)	**105,510**	72,674
Share-based compensation (Note 7(c))	**474,262**	284,864
Net (loss) before other gains (losses)	**(4,919,381)**	(2,717,989)
Foreign exchange gains (losses)	**(198,210)**	(90,197)
Write-down of mineral exploration interest (Note 5)	**-**	(497,813)
Loss on settlement of convertible debenture (Note 13)	**(105,099)**	-
Unrealized (loss) gain on warrant revaluation (Note 8)	**(634,840)**	1,980
Unrealized gain on conversion feature (Note 13)	**25,864**	7,592
Total other gains (losses)	**(912,285)**	(578,438)
Net loss and comprehensive loss for the year	**(5,831,666)**	(3,296,427)
Net loss and comprehensive loss attributable to:		
Shareholders of the Corporation	**(5,511,662)**	(2,747,031)
Non-controlling interest (Note 9)	**(320,004)**	(549,396)
Net loss and comprehensive loss for the year	**(5,831,666)**	(3,296,427)
Net loss per share - basic and diluted (Note 10)	**(0.04)**	(0.03)
Weighted average number of shares outstanding - basic and diluted (Note 10)	**123,363,738**	87,049,733

See accompanying notes to the consolidated financial statements

AVIDIAN GOLD CORP.
Consolidated Statements of Change in Shareholders' Equity
Years ended June 30, 2021 and 2020
(Expressed in US Dollars)

	Number of shares	Share capital	Share-Based Payment Reserve	Deficit	Equity attributable to shareholders of the Corporation	Non-controlling interest	Total Equity
		$	$	$	$	$	$
Balance - June 30, 2019	**64,150,961**	**10,264,689**	**778,217**	**(10,580,179)**	**462,727**	**55,634**	**518,361**
Non-controlling interest on acquisition	-	-	-	30,354	30,354	727,884	758,238
Net loss and comprehensive loss for the year	-	-	-	(2,747,031)	(2,747,031)	(549,396)	(3,296,427)
Private placement, net of issue costs (Note 7(b))	28,780,768	2,072,597	17,222	-	2,089,819	-	2,089,819
Value of warrants issued under private placement (Note 8)	-	(122,150)	-	-	(122,150)	-	(122,150)
Share-based compensation (Note 7(c))	-	-	284,864	-	284,864	-	284,864
Shares issued for property acquisition (Note 14)	1,471,170	125,000	-	-	125,000	-	125,000
Balance - June 30, 2020	**94,402,899**	**12,340,136**	**1,080,303**	**(13,296,856)**	**123,583**	**234,122**	**357,705**
Non-controlling interest on acquisition	-	-	-	(463,088)	(463,088)	697,640	234,552
Net loss and comprehensive loss for the year	-	-	-	(5,511,662)	(5,511,662)	(320,004)	(5,831,666)
Private placements, net of issue costs (Note 7(b))	66,732,131	7,922,661	103,834	-	8,026,495	-	8,026,495
Value of warrants issued under private placement (Note 8)	-	(1,933,650)	-	-	(1,933,650)	-	(1,933,650)
Stock options exercised (Note 7(b))	186,000	21,997	(8,075)	-	13,922	-	13,922
Broker warrants exercised (Note 8)	318,000	40,205	(15,073)	-	25,132	-	25,132
Share-based compensation (Note 7(c))	-	-	474,262	-	474,262	-	474,262
Shares issued for property acquisition (Note 14)	3,223,011	943,070	-	-	943,070	-	943,070
Balance - June 30, 2021	**164,862,041**	**19,334,419**	**1,635,251**	**(19,271,606)**	**1,698,064**	**611,758**	**2,309,822**

See accompanying notes to the consolidated financial statements

AVIDIAN GOLD CORP.
Consolidated Statements of Cash Flows
Years ended June 30, 2021 and 2020
(Expressed in US Dollars)

	2021	2020
	$	$
Operating activities		
Net loss for the year	**(5,831,666)**	(3,296,427)
Items not involving cash:		
Amortization (Note 6)	**26,043**	25,034
Accretion	**105,510**	72,674
Convertible debenture accrued interest	**137,494**	68,070
Unrealized foreign exchange loss	**178,043**	32,895
Loss on repayment of convertible debentures	**105,099**	-
Unrealized loss (gain) on warrant revaluation	**634,840**	(1,980)
Unrealized (gain) on conversion feature	**(25,864)**	(7,592)
Shares issued for property acquisition - Golden Zone	**125,000**	125,000
Shares issued for property acquisition - Labrador West	**-**	692,771
Shares issued for property acquisition - Amanita NE	**818,070**	11,416
Write-down of mineral exploration interest	**-**	497,813
Share-based compensation	**474,262**	284,864
	(3,253,169)	(1,495,462)
Changes in non-cash working capital		
(Increase) in amounts receivable and prepaids	**(84,880)**	(70,266)
Increase (decrease) in trade payables and accrued liabilities	**191,870**	(350,538)
Change in non-cash operating working capital	**106,990**	(420,804)
Net cash flows used in operating activities	**(3,146,179)**	(1,916,266)
Investing activities		
Purchase of equipment	**(34,000)**	-
Net cash flows used in investing activities	**(34,000)**	-
Financing activities		
Proceeds from issuance of shares (Note 7(b))	**8,214,967**	2,172,055
Share issue costs	**(188,472)**	(82,236)
Repayment of convertible debentures and accrued interest (Note 13)	**(829,097)**	-
Proceeds from issuance of subsidiary shares	**234,552**	-
Exercise of broker warrants (Note 7(c))	**25,132**	-
Exercise of stock options (Note 7(c))	**13,922**	-
Net cash flows from financing activities	**7,471,004**	2,089,819
Increase in cash	**4,290,825**	173,553
Cash, beginning of year	**927,739**	754,186
Cash, end of year	**5,218,564**	927,739

See accompanying notes to the consolidated financial statements

1. DESCRIPTION OF BUSINESS AND GOING CONCERN

Avidian Gold Corp. ("Avidian" or the "Corporation") was incorporated by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on September 24, 2013. On January 16, 2020 at the Annual and Special Meeting of Shareholders, the Shareholders were asked to pass the following special resolutions: a) to make application for a Certificate of Continuance under the Ontario Business Corporations Act and b) to pass a special resolution to amend the articles of the Corporation, changing the Province in which the registered office is situated from the Province of British Columbia to the Province of Ontario. Both special resolutions were passed. The registered head office of the Corporation is located at 18 King Street East, Suite #902, Toronto, Ontario, M5C 1C4.

Avidian is in the business of acquiring and exploring gold projects. As of June 30, 2021, the Corporation has acquired the rights to explore four gold properties in the United States of America and has majority ownership of High Tide Resources Corp. which holds the right to explore two properties in Eastern Canada.

The consolidated financial statements of the Corporation for the year ended June 30, 2021 were reviewed, approved and authorized for issue by the Board of Directors October 27, 2021. Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Corporation's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and currency exchange fluctuations and restrictions.

The Corporation's property interests are at an early stage of exploration and, in common with many exploration companies, it raises financing for its exploration and appraisal activities in discrete tranches. The Corporation has incurred a loss for the year ended June 30, 2021 attributable to shareholders of the Corporation of $5,511,662, and has an accumulated deficit of $19,271,606. Management believes it has sufficient working capital to support planned operations for the next 12 months.

Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future, or available under terms acceptable to the Corporation. In the event that the Corporation is unable to secure further financing, it may not be able to complete the development of a gold, copper and other mineral projects.

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Corporation's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop gold, copper and other mineral projects and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern, and such adjustments may be material.

1. DESCRIPTION OF BUSINESS AND GOING CONCERN (continued)

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. Its impact on global economies has been far-reaching and businesses around the world are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Global stock markets have also experienced significant volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on the Corporation's financial position and results, exploration activities, workers, partners, consultants, suppliers and on global financial markets. Almost all of Avidian's personnel work from home and the Corporation continues to manage its affairs via virtual business platforms.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Corporation and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Corporation's reporting for the year ended June 30, 2021.

Basis of presentation

These consolidated financial statements have been prepared on an accrual basis except for cash flow information. These consolidated financial statements are based on historical costs except for those financial instruments carried at fair value and, except where otherwise stated, do not take into account changing money values, fair values of assets and liabilities or recoverable amounts. The policies set out below have been consistently applied to all periods presented.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries. Subsidiaries consist of entities over which the Corporation is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Corporation and are deconsolidated from the date control ceases.

The financial statements include all assets, liabilities, revenues, expenses, and cash flow of the Corporation and its subsidiaries after eliminating inter-entity balances and transactions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the consolidated statement of financial position. Loss for the period that is attributable to non-controlling interests is calculated based on the ownership of the minority shareholders in the subsidiary.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The following companies have been consolidated within the consolidated financial statements:

Company	Registered	Principal activity
Avidian Gold Corp. ("Avidian")	British Columbia, Canada	Parent Company
Avidian Gold Inc. (1) ("Avidian Inc")	Ontario, Canada	Operating Company
Avidian Gold US Inc.(2) ("Avidian US")	Nevada, USA	Operating Company
Avidian Gold Alaska Inc.(2) ("Avidian Alaska US")	Alaska, USA	Operating Company
High Tide Resources Corp. (3) ("HTR Corp")	Ontario, Canada	Operating Company
Ferrum Exploration Corp. (4) ("Ferrum")	Ontario, Canada	Dormant Company
High Tide Resources Inc. (2) ("HTR")	Nova Scotia, Canada	Dormant Company

(1) 100% owned by Avidian Gold Corp.

(2) 100% owned by Avidian Gold Inc.

(3) 67% owned by Avidian Gold Corp. (June 30, 2020 – 60% owned by Avidian Gold Corp.)

(4) 100% owned by High Tide Resources Corp.

Presentation and functional currency

These consolidated financial statements are presented in United States ("US") dollars. The functional currency is the currency of the primary economic environment in which a company is currently operating. Effective July 1, 2019, the functional currency of HTR Corp. was determined to have changed to Canadian dollars as a result of a significant increase in Canadian dollar spending in that entity. This change has been accounted for prospectively. The functional currency of Ferrum, which was acquired by HTR Corp. in 2020, is also Canadian dollars. All other entities continued to have a functional currency of US dollars throughout 2021.

Critical accounting judgments and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Functional currency determination

The functional currency for the Corporation and its subsidiaries is the currency of the primary economic environment in which the entity operates. This has been determined to be the US dollar for all companies in the group other than HTR Corp. and Ferrum which have a functional currency of Canadian dollars.

Determination of functional currency is conducted through an analysis of the consideration factors identified in IAS 21 The Effects of Changes in Foreign Exchange Rates and may involve certain judgments to determine the primary economic environment. The Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment. Significant changes to those underlying factors could cause a change to the functional currency.

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence of significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Specifically the fair value of the conversion option component of the convertible debenture and warrant liability have significant measurement uncertainty. See Notes 8 and 13.

Share-based compensation

Management is required to make certain estimates when determining the fair value of the share-based compensation. These estimates affect the amount recognized as share-based compensation in the consolidated financial statements and are based on expected volatility and the expected lives of the underlying stock options.

Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Corporation's interpretation of current regulatory requirements, constructive obligations and are measured at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimation of decommissioning and restoration costs and the timing of expenditure (continued)

Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income, value added, withholding and other taxes

The Corporation is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Corporation's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

The determination of the Corporation's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Corporation's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Contingencies

See Note 16.

Cash

Cash in the consolidated statement of financial position comprises cash held in approved banks.

Financial instruments

Financial assets and liabilities

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Corporation determines the classification of financial assets at the time of initial recognition based on the Corporation's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Cash and other amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of operations.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Corporation does not have any financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Corporation has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Corporation does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of operations and comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Corporation no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Corporation's only financial assets subject to impairment are other amounts receivable, which are measured at amortized cost. The Corporation has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due.

An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Corporation has opted to measure the financial liability at FVPL. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations and comprehensive loss. The Corporation's trade payables and accrued liabilities and the liability component of the convertible debentures are measured at amortized cost.

Subsequent measurement – Financial liabilities at FVPL
Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in the consolidated statements of operations. The Corporation's conversion option component of the convertible debentures and warrant liability are classified as financial liabilities at FVPL.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations and comprehensive loss.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of mineral exploration interests through a business combination, which are capitalized as mineral exploration interests.

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Amortization is recognized based on the cost of an item of equipment, over its estimated useful life. Amortization is calculated using the declining balance method at 20% per year.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment (continued)

An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, at each reporting date. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Impairment of non-financial assets

At each reporting date the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss in the consolidated statements of operations and comprehensive loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

At the end of each reporting date, the Corporation assesses whether there is any indication that previously recognized impairment losses no longer exist. If such an indication exists, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined net of amortization or depreciation, had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

A provision is recognized in the consolidated statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from such contracts are lower than the unavoidable cost of meeting its obligations under the contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning, restoration and similar liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and included in profit or loss as extraction progresses.

Flow-through shares

The Corporation may, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource properties to investors.

On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the fair value of the Corporation's common shares is allocated to premium on flow-through shares liability. If renouncement is retrospective, the Corporation derecognizes the premium liability when the paperwork to renounce is filed. If the renouncement will occur at a future date, the Corporation derecognizes the premium liability as qualifying flow-through expenditures are incurred. The reduction to the premium liability in the period of renunciation is recognized through operations.

The Corporation may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the lookback rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is reflected as a financial expense.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in "other comprehensive income", in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to taxes payable with regards to previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

To the extent that the Corporation does not consider it probable that a deferred tax asset will be recovered, it does not recognize any asset.

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Share-based compensation

Management determines costs for share-based compensation using market-based valuation techniques. The fair value of the market-based and performance-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Equity-settled share-based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share capital note.

Equity-settled share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Compound financial instruments (debentures)

Compound financial instruments issued by the Corporation comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Compound financial instruments (debentures) (continued)

Under IFRS, when the currency of the conversion price of the conversion option is different than the functional currency of the legal entity in which they were issued, the conversion option component is accounted for as a derivative liability.

For the Corporation's conversion option component that has an exercise price denominated in Canadian dollars, the conversion option component is accounted for as a derivative liability, which is measured at fair value using the Black-Scholes valuation model. The liability component of a compound financial instrument is recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the conversion option component.

Any directly attributable transaction costs are allocated to the liability and conversion option components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The conversion option component of a compound financial instrument is subsequently revalued every reporting period using market-based valuation techniques. Gains and losses from changes in fair value are recorded in the consolidated statement of operations.

Segment reporting

The Corporation operates in a single reportable operating segment, namely the acquisition, exploration and development of gold projects.

Issued capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Warrant liability

Under IFRS, when the currency of the exercise price of non-share-based compensation warrants is different than the functional currency of the legal entity in which they were issued, the warrants are accounted for as a derivative warrant liability. For the Corporation's warrants that have an exercise price denominated in Canadian dollars, the issued Canadian dollar warrants are accounted for as a derivative warrant liability, which is measured at fair value each reporting period using the Black-Scholes valuation model. Gains and losses from changes in fair value are recorded in the consolidated statement of operations.

The Corporation measures the initial warrant liability and subsequent revaluations of the warrant liability by reference to the fair value of the warrants at the date at which they were granted and subsequently revalues them at each reporting date. Estimating fair value for these warrants requires management to determine the most appropriate valuation model.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Warrant liability (continued)

This estimate also requires management to make assumptions about the most appropriate inputs to the valuation model including estimated fair value of the Corporation's common shares, the expected life of the warrants, volatility and dividend yield.

Foreign currency translation

Foreign currency transactions are translated into the respective functional currencies of the Corporation and its subsidiaries using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of operations.

The financial results and position of HTR Corp. and Ferrum, whose functional currency is different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on the translation of HTR Corp. and Ferrum are reported as a separate component of shareholders' equity titled "accumulated other comprehensive income".

Quebec refundable tax credit and refundable mining duty

The Corporation is entitled to a credit on duties refundable under the Mining Duties Act in certain circumstances. This credit on duties on exploration costs incurred in the Province of Quebec is recognized as a reduction to exploration and evaluation expenditures in the consolidated statement of operations.

Furthermore, the Corporation is entitled to a refundable tax credit on qualified expenditures incurred in Quebec. The refundable tax credit for exploration expenditures is 38.75% of qualified expenditures incurred.

The Corporation estimates the benefits to be recognized from refundable tax credits relating to qualified expenditures incurred. These receivables are recognized to the extent that it is probable that the Corporation has met all eligibility requirements for the expenditures in the period they are incurred. The Corporation presents these credits as a reduction to exploration and evaluation expenditures in the consolidated statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after July 1, 2021. Many are not applicable or do not have a significant impact to the Corporation and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Corporation.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

Accounting changes

During the year ended June 30, 2021, the Corporation adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 1 and IFRS 3. These new standards and changes did not have any material impact on the Corporation's consolidated financial statements.

3. CAPITAL MANAGEMENT

When managing capital, the Corporation's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of gold resource assets.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management team to sustain the future development of the business. The Corporation considers its capital to be equity, which comprises issued capital, share-based payment reserve and deficit, which at June 30, 2021, totaled $1,698,064 (2020 - $123,583).

3. CAPITAL MANAGEMENT (continued)

The Corporation invests all capital not required for its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with select major Canadian financial institutions.

The Corporation is currently attempting to identify an economic gold resource and as such, the Corporation is dependent on external financing to fund its activities. In order to carry out the planned acquisitions and exploration, as well as pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

a. maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
b. minimizing discretionary disbursements; and
c. exploring alternative sources of liquidity.

In light of the above, the Corporation will continue to assess new properties if the Corporation believes there is sufficient 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 Corporation, is appropriate. There were no significant changes in the Corporation's approach to capital management during the years ended June 30, 2021 and 2020.

4. FINANCIAL RISK FACTORS

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (specifically commodity price risk).

Risk management is carried out by the Corporation's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is attributable to cash. Cash is held with a reputable financial institution, from which management believes the risk of loss to be remote.

Included in amounts receivable is sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of June 30, 2021 and 2020. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal.

4. FINANCIAL RISK FACTORS (continued)

Liquidity risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations as they become due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation.

The Corporation generates cash flow primarily from its financing activities. As at June 30, 2021, the Corporation had cash of $5,218,564 (2020 - $927,739) to settle current liabilities of $357,520 (2020 - $165,650). The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance and liquidity.

All of the Corporation's current financial liabilities as at June 30, 2021 have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Interest rate risk

The Corporation has cash and cash equivalent balances subject to fluctuations in the prime rate. The Corporation's current policy is to invest excess cash in money market funds traded by its banking institutions.

The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as investments are short-term, and the Corporation currently does not carry interest bearing debt at floating rates.

Foreign currency risk

The Corporation primarily incurs expenditures in US dollars and Canadian dollars. As at June 30, 2021, the Corporation holds in cash the following amounts (reported in US$ currency) in Canadian (“CDN”) and US funds respectively: $4,851,509 and $367,055 (2020 - $907,639 and $20,100)

Commodity price risk

The Corporation is exposed to price risk with respect to gold prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to gold price movements and volatilities. The Corporation closely monitors gold prices to determine the appropriate course of action to be taken by the Corporation.

(Expressed in US dollars – except where otherwise indicated)

4. FINANCIAL RISK FACTORS (continued)

Sensitivity analysis

As of June 30, 2021 and 2020, both the carrying and fair value amounts of the Corporation's current financial instruments are approximately equivalent due to their short-term nature. The sensitivity analysis shown in the notes below may differ materially from actual results. Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are reasonably possible for the year ended June 30, 2021:

(i) As at June 30, 2021, if foreign exchange rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended June 30, 2021 would have changed by $18,984 as a result of lower/higher foreign exchange gains and losses on funds held in foreign currencies and reported shareholders' equity would also not have changed by a material amount.
(ii) Commodity price risk could adversely affect the Corporation. In particular, the Corporation's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. As of June 30, 2021, the Corporation was not a gold producer. As a result, gold price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Corporation's liquidity and its ability to meet its ongoing obligations.

Fair value hierarchy and liquidity risk disclosure

The three levels of the fair value hierarchy are as follows:

Level 1	Unadjusted quoted prices 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).

At June 30, 2021 and 2020, the Corporation did not hold any financial assets in the fair value hierarchy.

At June 30, 2021 and 2020, the fair value of the Corporation's financial liabilities held at fair value, the option component of convertible debenture and warrant liability, are based on Level 3 measurements. There were no transfers in or out of Level 3 during the years ended June 30, 2021 and 2020.

<u>Level 3 Hierarchy</u>

The key assumptions used in the valuation of the conversion option component of convertible debenture and warrant liability include (but are not limited to) the Corporation's quoted market price and share price volatility of comparable publicly traded companies.

(Expressed in US dollars – except where otherwise indicated)

4. FINANCIAL RISK FACTORS (continued)

Sensitivity analysis (continued)

For the conversion option component of convertible debenture and warrant liability valued based on market-based valuation technique, the inputs can be judgmental (See Notes 8 and 13). A +/- 25% change in the fair value of these Level 3 liabilities as at June 30, 2021 will result in a corresponding +/- $1,112,654 change in the net loss for the year.

5. MINERAL EXPLORATION INTERESTS

HTR Corp. held a 100% interest in the Strickland Property located in southwest Newfoundland. During the year ended June 30, 2020, management has determined it will no longer pursue an exploration program on this property and as a result has recorded a write-down of $497,813 during the year ended June 30, 2020.

6. EQUIPMENT

Cost	Equipment
Balance, June 30, 2019	$ 179,002
Additions	-
Balance, June 30, 2020	179,002
Additions	34,000
Balance, June 30, 2021	$ 213,002

Amortization and impairment	Equipment
Balance, June 30, 2019	$ 55,356
Amortization	25,034
Balance, June 30, 2020	80,390
Amortization	26,043
Balance, June 30, 2021	$ 106,433

Carrying amounts	
Balance, June 30, 2020	$ 98,612
Balance, June 30, 2021	**$ 106,569**

7. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares, with no par value.

(b) Issued

(i) On August 16, 2019, the Corporation closed a private placement for 20,480,768 common shares offered at a price of CDN$0.10 ($0.075) per unit for total gross proceeds of CDN$2,048,077 ($1,541,587). Officers and directors of the Corporation subscribed for 350,000 common shares for gross proceeds of $35,000.

(ii) On September 19, 2019, the Corporation's subsidiary, High Tide Resources Corp., issued 9,146,666 common shares valued at CDN$0.10 ($0.075) per share for a total value of CDN$914,670 ($692,771) as consideration for the assumption of the rights to the option to acquire 100% of the Labrador West iron ore project. See Note 14.

(iii) On December 20, 2019, the Company closed a non-brokered flow-through private placement to raise gross proceeds of $830,000 ($630,468). The offering consisted of the issuance of 8,300,000 units ("Unit") of the Company. Each Unit was offered at a price of CDN$0.10 ($0.076) and consisted of one common share and one-half share purchase warrant, with each whole warrant exercisable at a price of CDN$0.15 ($0.114) per common share if exercised within 24 months of the closing of the offering. Officers and directors of the Company subscribed for 850,000 Units for gross proceeds of CDN$85,000 ($64,600).

(iv) In December 2019, the Corporation subscribed for 8,300,000 flow-through shares of the subsidiary, High Tide Resources Corp., offered at a price of CDN$0.10 ($0.076) per share for total gross proceeds of CDN$830,000 ($630,468). See Note 9.

(v) In December 2019, the Corporation subscribed for 750,000 common shares of the subsidiary, High Tide Resources Corp., offered at a price of CDN$0.10 ($0.076) per share for total gross proceeds of CDN$75,000 ($56,970). See Note 9.

(vi) On January 15, 2020, the Corporation issued 1,471,170 shares valued at CDN$0.111 ($0.085) for a total value of CDN$163,125 ($125,000) pursuant to the Golden Zone property agreement. See Note 14.

(vii) On July 14, 2020, the Corporation closed a private placement for gross proceeds of CDN$2,000,000 ($1,468,800). A total of 20,000,000 units were issued at a price of CDN$0.10 ($0.073) per unit. Each unit consists of one common share of the Corporation and one common share purchase warrant; each is warrant exercisable into a common share at a price of CDN$0.14 ($0.102) for 24 months following the warrant issuance.

(viii) On July 21, 2020, the Corporation acquired a 100% interest in the Amanita NE gold property, located in Alaska. The Corporation issued 2,500,000 common shares as consideration for the acquisition. See Note 14.

(ix) On August 17, 2020, the Corporation closed a private placement for gross proceeds of CDN$1,700,000 ($1,287,240). A total of 5,151,515 units were issued at a price of CDN$0.33 ($0.25) per unit. Each unit consists of one common share of the Corporation and one common share purchase warrant; each warrant is exercisable into a common share at a price of CDN$0.55 ($0.416) for 24 months following the warrant issuance.

7. SHARE CAPITAL (continued)

(b) Issued (continued)

(x) On January 15, 2021, the Corporation issued 723,011 shares valued at CDN$0.22 ($0.17) for a total value of CDN$159,094 ($125,000) pursuant to the Golden Zone property agreement. See Note 14.

(xi) On June 10, 2021, the Corporation closed a private placement for gross proceeds of CDN$4,414,166 ($3,650,074). A total of 29,427,774 units were issued at a price of CDN$0.15 ($0.124) per unit. Each unit consists of one common share of the Corporation and one half of one common share purchase warrant; each is warrant exercisable into a common share at a price of CDN$0.20 ($0.165) for 36 months following the warrant issuance. Officers and directors of the Corporation subscribed for 2,749,635 units for gross proceeds of CDN$412,445 ($341,051).

(xii) On June 10, 2021, the Corporation closed a flow-through private placement for gross proceeds of CDN$2,187,512 ($1,808,853). A total of 12,152,842 common shares were issued at a price of CDN$0.18 ($0.15) per share. Officers and directors of the Corporation subscribed for 416,666 shares for gross proceeds of CDN$62,500 ($51,681). A flow-through share premium of $nil was recorded on this financing.

(xiii) In June 2021, the Corporation subscribed for 12,152,842 flow-through shares of the subsidiary, High Tide Resources Corp., offered at a price of CDN$0.18 ($0.15) per share for total gross proceeds of CDN$2,187,512 ($1,808,853). See Note 9.

(c) Share-based payment reserve

On November 15, 2018, the Corporation granted 150,000 stock options to a director of the Corporation to purchase 150,000 common shares of the Corporation at an exercise price of CDN$0.60 ($0.4635) per share expiring on November 15, 2023. The options were valued using the Black-Scholes pricing model with a share price of CDN$0.39 ($0.301), an expected volatility of 125%, an expected dividend yield of 0%, an expected life of 5 years and a risk-free rate of 2.31%. The stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant. Share-based compensation expense of $6,437 was recorded in the year ended June 30, 2021 (2020 - $14,281).

On February 4, 2019, the Corporation granted 100,000 stock options to an officer of the Corporation to purchase 100,000 common shares of the Corporation at an exercise price of CDN$0.40 ($0.299) per share expiring on February 4, 2024. The options were valued using the Black-Scholes pricing model with a share price of CDN$0.295 ($0.221), an expected volatility of 125%, an expected dividend yield of 0%, an expected life of 5 years and a risk-free rate of 2.31%. The stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant. Share-based compensation expense of $3,984 was recorded in the year ended June 30, 2021 (2020 - $8,625).

On August 26, 2019, the Corporation granted 3,600,000 stock options to officers, directors, and consultants of the Corporation to purchase 3,600,000 common shares of the Corporation at an exercise price of CDN$0.20 ($0.151) per share expiring on August 26, 2024. The options were valued using the Black-Scholes pricing model with a share price of CDN$0.15 ($0.113), an expected volatility of 125%, an expected dividend yield of 0%, an expected life of 5 years and a risk-free rate of 1.24%.

7. SHARE CAPITAL (continued)

(c) Share-based payment reserve (continued)

The stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant. Share-based compensation expense of $105,579 was recorded in the year ended June 30, 2021 (2020 - $170,736).

On December 23, 2019, the Corporation granted 186,000 stock options to consultants of the Corporation to purchase 186,000 common shares of the Corporation at an exercise price of CDN$0.10 ($0.075) per share expiring on December 23, 2021. The options were valued using the Black-Scholes pricing model with a share price of CDN$0.10 ($0.075), an expected volatility of 112%, an expected dividend yield of 0%, an expected life of 2 years and a risk-free rate of 1.68%. The stock options vested immediately.

On June 8, 2020, the Corporation granted 500,000 stock options to consultants of the Corporation to purchase 500,000 common shares of the Corporation at an exercise price of CDN$0.13 ($0.095) per share expiring on June 8, 2023. The options were valued using the Black-Scholes pricing model with a share price of CDN$0.10 ($0.073), an expected volatility of 101%, an expected dividend yield of 0%, an expected life of 3 years and a risk-free rate of 0.32%. The stock options vest in equal one-quarter tranches on the first, second, third and fourth quarter following the date of grant. Share-based compensation expense of $19,502 was recorded in the year ended June 30, 2021 (2020 - $2,623).

On September 3, 2020, the Corporation granted 3,250,000 stock options to officers, directors, and consultants of the Corporation to purchase 3,250,000 common shares of the Corporation at an exercise price of CDN$0.28 ($0.213) per share expiring on September 3, 2025. The options were valued using the Black-Scholes pricing model with a share price of CDN$0.27 ($0.206), an expected volatility of 125%, an expected dividend yield of 0%, an expected life of 5 years and a risk-free rate of 1.24%.

The stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant. Share-based compensation expense of $288,021 was recorded in the year ended June 30, 2021.

On April 7, 2021, the Corporation granted 1,100,000 stock options to directors, and consultants of the Corporation to purchase 1,100,000 common shares of the Corporation at an exercise price of CDN$0.20 ($0.151) per share expiring on April 7, 2026. The options were valued using the Black-Scholes pricing model with a share price of CDN$0.165 ($0.125), an expected volatility of 125%, an expected dividend yield of 0%, an expected life of 5 years and a risk-free rate of 0.83%.

The stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant. Share-based compensation expense of $16,426 was recorded in the year ended June 30, 2021.

7. SHARE CAPITAL (continued)

(c) Share-based payment reserve (continued)

Share based payment activity for the years ended June 30, 2021 and 2020 is summarized as follows:

	Number of stock options	Weighted average exercise price (CDN)
		$
Balance, June 30, 2019	**3,483,125**	**0.59**
Granted	4,286,000	0.19
Expired	(417,976)	(0.63)
Balance, June 30, 2020	**7,351,149**	**0.36**
Granted	4,350,000	0.26
Forfeited	(100,000)	(0.20)
Exercised	(186,000)	(0.10)
Balance, June 30, 2021	**11,415,149**	**0.34**

Summary of options outstanding as at June 30, 2021:

						Black-Scholes inputs			
Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price (CDN$)	Grant date fair value per option	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
125,000	125,000	15-Aug-18	15-Aug-21	0.60	0.28	125%	3	0%	2.19%
500,000	500,000	8-Jun-20	8-Jun-23	0.13	0.04	101%	3	0%	0.32%
2,635,000	2,335,000	15-Aug-18	15-Aug-23	0.60	0.28	125%	5	0%	2.19%
150,000	100,000	15-Nov-18	15-Nov-23	0.60	0.24	125%	5	0%	2.31%
100,000	66,667	4-Feb-19	4-Feb-24	0.40	0.18	125%	5	0%	2.31%
3,500,000	1,166,667	26-Aug-19	26-Aug-24	0.20	0.09	125%	5	0%	1.24%
55,149	55,149	1-Dec-17	19-Nov-24	0.30	0.25	150%	7	0%	1.78%
3,250,000	-	3-Sep-20	3-Sep-25	0.28	0.17	125%	5	0%	0.35%
1,100,000	-	7-Apr-21	7-Apr-26	0.20	0.17	125%	5	0%	0.83%
11,415,149	4,348,483								

The weighted average remaining time to expiry for all outstanding options as of June 30, 2021 is 3.27 years (2020 – 3.56 years).

During the year ended June 30, 2021, 3,400,000 stock options were granted to directors and officers of the Corporation (2020 – 2,250,000). The share-based compensation expense related to the options issued is $340,808 (2020 – $173,768).

8. WARRANTS

Warrants issued in connection with the completion of certain private placements are exercisable in Canadian dollars. The fair value of these non-compensatory warrants is recorded as a warrant liability at the date of issuance. These warrants are revalued at each financial position reporting date with the corresponding change recorded as gain (loss) on warrant revaluation on the consolidated statement of operations.

(Expressed in US dollars – except where otherwise indicated)

8. WARRANTS (continued)

The following table presents the reconciliation of the beginning and ending balances of the warrant liability:

	Warrant liability $
June 30, 2019	**62,390**
Warrant issuance	122,150
Warrant revaluation	(1,980)
Change in foreign exchange	(6,592)
June 30, 2020	**175,968**
Warrant issuance	1,933,650
Warrant revaluation	634,840
Change in foreign exchange	105,269
June 30, 2021	**2,849,727**

The following is a summary of warrant activity for the years ended June 30, 2021 and June 30, 2020:

	June 30, 2021		June 30, 2020	
	Number	**Weighted average exercise price CDN$**	Number	Weighted average exercise price CDN$
Balance, beginning of year	**6,307,000**	**0.22**	8,602,483	0.69
Granted in connection with private placements	**40,941,958**	**0.22**	4,537,000	0.15
Exercised during the year	**(318,000)**	**(0.10)**	-	-
Expired during the year	**-**	**-**	(6,832,483)	(0.75)
Balance, end of year	**46,930,958**	**0.22**	6,307,000	0.22

a) In connection with the August 2019 private placement disclosed in Note 7, the Corporation issued 132,000 broker warrants. These warrants were assigned an estimated fair value of $7,982, which was recorded in equity, using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 125%, a risk free interest rate of 1.54%, share price of CDN$0.10 and an expected maturity of 1.5 years.

8. WARRANTS (continued)

b) In connection with the December 2019 private placement disclosed in Note 7, the Corporation issued 4,150,000 warrants. These warrants were assigned an estimated fair value of $122,150 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 112%, a risk free interest rate of 1.65%, share price of CDN$0.095 and an expected maturity of 2 years. At June 30, 2021, the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 76%, a risk free interest rate of 0.44%, share price of CDN$0.17 and an expected maturity of 0.47 years.

c) In connection with the December 2019 private placement disclosed in Note 7, the Corporation issued 255,000 broker warrants. These broker warrants were assigned an estimated fair value of $9,240, which was recorded in equity, using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 112%, a risk free interest rate of 1.65%, share price of CDN$0.095 and an expected maturity of 2 years.

d) In connection with the July 2020 private placement disclosed in Note 7, the Corporation issued 20,000,000 warrants. The grant date fair value of $607,612 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 118%, a risk free interest rate of 0.24%, share price of CDN$0.25 and an expected maturity of 2 years. At June 30, 2021, the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 108%, a risk free interest rate of 0.44%, share price of CDN$0.17 and an expected maturity of 1.04 years.

e) In connection with the August 2020 private placement disclosed in Note 7, the Corporation issued 5,151,515 warrants. The grant date fair value of $432,814 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 116%, a risk free interest rate of 0.26%, share price of CDN$0.375 and an expected maturity of 2 years. At June 30, 2021, the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 109%, a risk free interest rate of 0.44%, share price of CDN$0.17 and an expected maturity of 1.13 years.

f) In connection with the June 2021 private placement disclosed in Note 7, the Corporation issued 14,713,887 warrants. These warrants were assigned an estimated fair value of $893,224 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 111%, a risk free interest rate of 0.52%, share price of CDN$0.18 and an expected maturity of 3 years. At June 30, 2021, the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 110%, a risk free interest rate of 0.66%, share price of CDN$0.17 and an expected maturity of 2.95 years.

g) In connection with the June 2021 private placement disclosed in Note 7, the Corporation issued 1,076,556 broker warrants. These broker warrants were assigned an estimated fair value of $103,834, which was recorded in equity, using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 111%, a risk free interest rate of 0.52%, share price of CDN$0.18 and an expected maturity of 3 years.

(Expressed in US dollars – except where otherwise indicated)

8. WARRANTS (continued)

Summary of warrants outstanding as at June 30, 2021:

Warrants	Classification	Exercise price	Grant date fair value of warrants	Expiry date
#		CDN$	$	
4,150,000	Liability	0.15	122,150	December 20, 2021
69,000	Equity	0.10	9,240	December 20, 2021
1,770,000	Liability	0.40	161,588	February 25, 2022
20,000,000	Liability	0.14	607,612	July 14, 2022
5,151,515	Liability	0.55	432,814	August 17, 2022
14,713,887	Liability	0.20	893,224	June 10, 2024
1,076,556	Equity	0.20	103,834	June 10, 2024
46,930,958			2,330,462	

9. NON-CONTROLLING INTEREST

The amount shown for non-controlling interest on the consolidated statements of financial position is in relation to a non-controlling interest ownership of approximately 33% (2020 – 41%) in the shares of HTR Corp.

On September 19, 2019, HTR Corp. issued 9,146,666 common shares valued at CDN$0.10 ($0.075) per share for a total value of CDN$914,670 ($692,771) as consideration for the assumption of the rights to the option to acquire 100 per cent of the Labrador West iron ore project. See Note 14.

In December 2019, HTR Corp. issued to the Corporation 8,300,000 flow-through shares and 750,000 hard dollar common shares in connection with the private placement described in Note 7.

In January 2020, HTR Corp. issued 150,000 shares valued at CDN $0.10 ($0.0761) for a total value of CDN$15,000 ($11,416) pursuant to the Black Raven property agreement. See Note 14.

In December 2020, HTR Corp. issued 2,495,833 flow-through shares at a price of CDN$0.12 ($0.094) per share for total gross proceeds of CDN$299,500 ($234,552).

In June 2021, HTR Corp. issued to the Corporation 12,152,842 flow-through shares in connection with the private placement described in Note 7.

The issuance of these shares resulted in a balance of $697,640 (2020 - $727,884) allocated to the non-controlling interest based on the proportion of the net assets held by the non-controlling interest. Non-controlling interests' share of HTR Corp.'s expenses are reflected in the consolidated statements of operations and are charged as a reduction to the non-controlling interest account on the consolidated statement of financial position.

During the years ended June 30, 2021 and 2020, there were no dividends paid to the non-controlling interest by the Corporation.

(Expressed in US dollars – except where otherwise indicated)

9. NON-CONTROLLING INTEREST (continued)

For the years ended June 30, 2021 and 2020, the following summarized financial information of the HTR Corp. is included in the consolidated statements of financial position and statement of operations:

		2021	2020
Current assets	$	2,000,812	477,264
Current liabilities		35,257	888
Net loss		723,754	998,111

10. BASIC AND DILUTED NET LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended June 30, 2021 was based on the loss attributable to common shareholders of $5,511,662 (2020 - $2,747,031) and the weighted average number of common shares outstanding of 123,363,738 (2020 - 87,049,733).

Diluted loss per share did not include the effect of the stock options disclosed in Note 7(c), the share purchase warrants disclosed in Note 8, or the conversion option feature described in Note 13 as they are anti-dilutive for the years ended June 30, 2021 and 2020.

11. RELATED PARTY TRANSACTIONS

a) The remuneration of key management personnel is comprised of

		June 30, 2021		June 30, 2020
Wages and benefits	**$**	**50,085**	$	48,162
Consulting fees		**186,392**		141,008
Share-based compensation		**340,808**		173,768
	$	**577,285**	$	362,938

*Key management personnel include directors, officers and former directors/officers.

b) See Notes 7(b), (c), and Note 13.

c) Trade payables and accrued liabilities as at June 30, 2021 include $30,551 (2020 - $7,338) owed to current and former officers of the Corporation. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.

(Expressed in US dollars – except where otherwise indicated)

12. GENERAL AND ADMINISTRATIVE

		June 30, 2021		June 30, 2020
Amortization (Note 6)	**$**	**26,043**	$	25,034
Corporate relations		**202,977**		83,692
Occupancy costs		**3,600**		3,600
Office supplies, bank charges and telephone		**90,891**		53,778
Professional fees and transfer agent		**382,057**		225,825
Travel and promotion		**12,281**		60,933
Wages and benefits		**50,085**		48,162
	$	**767,934**	$	501,024

13. CONVERTIBLE DEBT

On February 26, 2019, the Corporation closed an unsecured convertible debenture financing ("2019 Debenture") for CDN$708,000 ($529,796) with an interest rate of 8% per annum payable in cash or 12% per annum payable in shares at maturity. The unsecured convertible debentures have a maturity date of February 25, 2022 and the principal amount and all accrued interest of the convertible debentures are convertible into common shares at CDN$0.40 ($0.299) per share prior to February 25, 2022 at the option of the holder. A total of CDN$270,000 of the debentures were issued to directors and officers of the Corporation.

Under IFRS, when the currency of the conversion price of the conversion option is different than the functional currency of the legal entity in which they were issued, the conversion option component is accounted for as a derivative liability.

The Corporation allocated the net proceeds to liability and derivative liability components based on the fair value of the conversion feature (which is an embedded derivative liability requiring separation) and the convertible debentures using the effective interest rate method.

The effective interest rate of the 2019 Debenture is 40.80% (this is determined by establishing the rate that is required to discount the contractual cash flows back to the carrying amount, as adjusted for transaction costs).

The fair value of the derivative liability component for the 2019 Debenture was determined to be $161,588 and the fair value of the warrants was determined to be $161,588 (see Note 8) with a residual amount of $206,620 allocated to the liability on the date of issuance. The fair value of the conversion option component of the debenture at issuance was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 115%, risk free interest rate of 1.76% and an expected life of 3 years.

The discount on the convertible debentures is amortized using the effective interest method over the term of the debenture being a period of three years. The Corporation accretes the carrying value of the convertible debentures each month by recognizing an accretion expense in the condensed interim statement of operations and a credit to convertible debenture.

(Expressed in US dollars – except where otherwise indicated)

13. CONVERTIBLE DEBT (continued)

For the year ended June 30, 2021, $105,510 (2020 - $72,674) of finance expense from the debt discount was recorded by the Corporation.

On June 10, 2021, the Corporation repaid the 2019 Debenture and the accrued interest in full.

The fair value of the conversion option component of the CDN$708,000 2019 Debenture outstanding as at June 30, 2020 was estimated as $42,541 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 115% based on the historical volatility of comparable entities, risk-free interest rate of 0.25%, share price of CDN$0.11, and an expected life of 1.66 years.

The following table presents the reconciliation of the beginning and ending balances of the components of the convertible debt:

	Liability $	Derivative liability $	Total $
June 30, 2019	263,415	52,081	315,496
Accrued interest	68,070	-	68,070
Accretion of liability	72,674	-	72,674
Change in foreign exchange	(12,616)	(1,948)	(14,564)
Revaluation of conversion option	-	(7,592)	(7,592)
June 30, 2020	**391,543**	**42,541**	**434,084**
Accrued interest	137,494	-	137,494
Accretion of liability	105,510	-	105,510
Change in foreign exchange	65,642	7,132	72,774
Loss (gain) on repayment of convertible debentures	128,908	(23,809)	105,099
Revaluation of conversion option	-	(25,864)	(25,864)
Repayment	(829,097)	-	(829,097)
June 30, 2021	**-**	**-**	**-**

14. EXPLORATION AND EVALUATION EXPENDITURES

Golden Zone

On April 28, 2016, the Corporation entered a preliminary agreement with Chulitna Mining Company LLC ("CMC"), Mines Trust Company Inc. ("MTC"), and Alix Resources Corp. ("AIX") to purchase an aggregate interest of 70.6% interest in the Golden Zone property, Alaska. Upon signing this agreement, the Corporation paid $25,000 to CMC for an exclusive 90-day due diligence period. In addition, the Corporation paid CDN$10,000 to AIX and settled a debt of CDN$200,000 ($152,462) owed by CMC to AIX through the issuance of 460,829 shares at a deemed price of CDN$0.43 ($0.33) per share upon closing of the definitive agreement for the interest in the Golden Zone property.

(Expressed in US dollars – except where otherwise indicated)

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

On November 21, 2016, the parties signed a final agreement with the following financial terms:

	CMC				MTC			
	cash		stock		cash		stock	
upon signing an agreement in 2016	$ 150,000	(paid)	$ 150,000	(paid)	$ 25,000	(paid)	$ 100,000	(paid)
January 15, 2017	50,000	(paid)	50,000	(paid)	-		25,000	(paid)
January 15, 2018	50,000	(paid)	50,000	(paid)	-		25,000	(paid)
January 15, 2019	100,000	(paid)	100,000	(paid)	-		25,000	(paid)
January 15, 2020	100,000	(paid)	100,000	(paid)	-		25,000	(paid)
January 15, 2021	100,000	(paid)	100,000	(paid)	-		25,000	(paid)
January 15, 2022	150,000		150,000		-		25,000	
January 15, 2023	150,000		150,000		-		25,000	
Total	$ 850,000		$ 850,000		$ 25,000		$ 275,000	

The January 15, 2020 payments resulted in the issuance of 1,471,170 common shares. The January 15, 2021 payments resulted in the issuance of 723,011 common shares. The fair value of the shares was estimated based on the quoted market price of the Corporation's shares.

In addition to the above-noted cash and shares commitments, the Corporation was required to make work expenditures of $2,000,000, over a five-year period, which was met in January 2018.

Annual payments will cease after the sooner of January 15, 2023 payments or upon the beginning of annual production of 10,000 ounces or more of gold annually from the property when a net smelter royalty ("NSR") will become payable. Cash payments to CMC in the years 2019 and following will be considered advance royalty payments and will be deducted from up to 50% of the NSRs payable to CMC upon achieving production from GZ. Those NSR royalties will be as follows: CMC 2.0%; MTC 1.0%. The Corporation can surrender its interest in the property by notifying the owner at any time, and there will be no further payment obligations.

The Corporation shall have the option exercisable at any time to purchase one-half (1/2) of the NSR payable to CMC representing 1.0% of the NSR for the purchase price of $1,000,000 and 40% of the NSR payable to MTC representing 0.4% of the NSR for the purchase price of $400,000.

Amanita

On October 31, 2016, the Corporation signed a definitive agreement for a 15-year lease to purchase option pursuant to which the Corporation can acquire a 100% interest in the Amanita claim block subject to a 3% NSR for cash consideration of $3,000,000. The Amanita claim block is comprised of 88 lode claims located within the Fairbanks Mining District approximately 25 kilometres northeast of Fairbanks, Alaska.

The Corporation paid $5,000 at the time of signing a letter of intent and a further $20,000 on the signing of the definitive property agreement. The Corporation is required to make minimum payments as follows, which are credited against the $3,000,000 purchase price.

a. First anniversary of agreement date: $15,000 (paid)
b. Second anniversary of agreement date: $25,000 (paid)

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

c. Third anniversary of agreement date: $30,000 (paid)
d. Every subsequent anniversary: payments increase by $10,000 annually (paid $50,000 in July 2020 and $60,000 subsequent to June 30, 2021).

The Corporation may acquire the 3% NSR royalty for an additional $3,000,000.

Amanita NE

On July 21, 2020, the Corporation acquired a 100% interest in the Amanita NE gold property, located in Alaska. The Corporation issued 2,500,000 common shares as consideration for the acquisition. The fair value of the shares was estimated based on the quoted market price of the Corporation's shares. The vendors were granted a 1% NSR on the Amanita NE property and a 0.2% NSR royalty on the Amanita property.

The vendors will also be entitled to receive one-half of any additional royalty granted to a third party in the event of the subsequent disposition by the Corporation of the Amanita NE property, and to receive 25% of any net profits received from such sale to third party after a deduction of an amount equal to two times the exploration costs expended by the Corporation on the Amanita NE property and reasonable transactional expenses incurred in connection with sale to the third party.

Jungo

On January 8, 2013, Dutch Gold Resources Inc. ("DGRI"), DGRI Jungo Development Corporation and the Corporation entered into an agreement pursuant to which DGRI and DGRI Jungo Development Corporation agreed to transfer to the Corporation all of the right, title and interest in and to the Red Dog Claims located in Nevada, in exchange for a 2% NSR and the obligation of the Corporation to pay annual advance minimum royalty payments to DGRI Jungo Development Corporation in the amount of $20,000 beginning on August 25, 2015. The Corporation also holds a 100% interest in Red Dog Claims 101-160 that is not subject to an NSR.

Labrador West

On August 28, 2019, HTR Corp. agreed to terms with Altius Resources Inc. ("Altius"), a wholly owned subsidiary of Altius Minerals Corp., to acquire 100% of the Labrador West iron ore project, located in the Labrador Trough ("Labrador West Option Agreement").

Altius has granted HTR Corp. an exclusive option to purchase the 100% undivided interest in and to the project upon: (i) incurring exploration expenditures on the project of at least 2,000,000 by December 31, 2021; (ii) the issuance of a number of common shares such that Altius will own 19.9% of the issued and outstanding common shares of HTR Corp. immediately following cumulative equity financings of no less than $5,000,000; and (iii) HTR Corp. becoming a publicly-listed company in Canada within 24 months from the execution date.

On September 28, 2021, HTR Corp. and Altius entered into an amendment agreement ("Amendment Agreement") pursuant to which HTR Corp. and Altius agreed to further amend the Labrador West Option Agreement to provide for an adjustment to the share consideration payable to exercise the Labrador West Option.

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Accordingly, pursuant to the Labrador West Option Agreement, as amended by the Amendment Agreement and Second Amendment Agreement, in order for the Company to exercise the Labrador West Option, the Company must:

(a) within thirty-six (36) months from the execution date of the Labrador West Option Agreement, the Company must have listed its common shares on, or assigned the Labrador West Option to a company ("Pubco") that has its shares listed on, the Toronto Stock Exchange, the TSX Venture Exchange, or the Canadian Securities Exchange ("CSE");

(b) incur expenditures in connection with the exploration of the property subject to the Labrador West Option Agreement ("Exploration Expenditures"), consisting of:

    a. At least $1,000,000 by December 31, 2021; and

    b. An additional $1,000,000 by December 31, 2022;

The Company is entitled to satisfy any deficiency in the Exploration Expenditures by making cash payments to Altius in lieu of the Exploration Expenditures.

(c) issue to Altius a number of common shares of HTR Corp. (or Pubco, as the case may be) (the "Payment Shares"), such that the number of the Payment Shares shall result in Altius owning 19.9% of the issued and outstanding capital of HTR Corp. (or Pubco, as the case may be) on a fully diluted basis calculated immediately following the time the Equity Financing Threshold (as defined hereinafter) is obtained (the "Payment Date"); the "Equity Financing Threshold" equals the gross proceeds of any equity financings combined with cash held by the Company (or Pubco, as the case may be) plus total Exploration Expenditures up to the initial equity financing up to a maximum of $3,000,000, will total at least $4,000,000; and

(d) issue to Altius a number common shares of HTR Corp. (or Pubco, as the case may be) equal to $200,000 (the "Additional Shares") on the earlier of: (i) the first anniversary of the Payment Date and (ii) the date whereby HTR Corp. (or Pubco, as the case may be) completes a financing transaction subsequent to the Payment Date (the "Secondary Financing"), at a price per Additional Share equal to the price per share pursuant to the Secondary Financing; in the event that HTR Corp. (or Pubco, as the case may be) has not completed the Secondary Financing by the first anniversary of the Payment Date, then the price per Additional Share shall be a Discounted Market Price (as such term is defined in the policies of the CSE and as may be acceptable to the CSE); in the event that the issuance of the Additional Shares would result in Altius holding more than 19.9% of the common shares of HTR Corp. on a non-diluted basis, the number of the Additional Shares issuable to Altius will be decreased by such number of shares so that Altius's holdings will not exceed 19.9% of the issued and outstanding common shares in the capital of HTR Corp. (or Pubco, as the case may be).

Upon acquiring a 100% interest in the project, the public company shall grant to Altius a 2.75% gross sales royalty (GSR) on all iron ore produced, removed and recovered from the project.

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Additionally, HTR Corp. has issued 9,146,666 common shares to arm's-length parties as consideration for the assumption of the rights to the option. The fair value of these consideration shares was estimated to be $0.10 based on price of the shares issued in the most recent private placement closed by HTR Corp..

Lac Pegma

On February 2, 2021, HTR Corp. entered into a purchase agreement with Globex Mining Enterprises Inc. ("Globex") to purchase 100% of the Lac Pegma copper-nickel-cobalt sulphide deposit located approximately 50 kilometres south of Fermont, Que.

The terms of the purchase agreement are as follows: HTR Corp. paid Globex $10,000 in cash and an undertaking to issue 650,000 shares of HTR Corp. upon completion of an initial public offering/liquidity event prior to September 30, 2021. In addition, Globex will retain a 2% gross metal royalty with a 1% buyback option for $1,500,000 exercisable at any time at the discretion of the Corporation.

Further, on February 25, 2021, HTR Corp. increased its land position by acquiring 35 additional mineral exploration claims adjacent to its Lac Pegma copper-nickel-cobalt sulphide deposit.

Black Raven

On November 26, 2018, the Corporation entered into an option to earn a 100% interest in the Black Raven property over three years for the consideration of the issuance of $275,000 in shares and the completion of at least $70,000 of exploration work. The vendor retains a 2% NSR, of which 1.75% can be purchased by HTR Corp. for $2,000,000. The Corporation is required to make minimum payments as follows:

a. Upon signing of agreement date: CDN$10,000 worth of HTR Corp. shares (shares issued)
b. First anniversary of agreement date: CDN$15,000 worth of HTR Corp. shares (shares issued)
c. Second anniversary of agreement date: CDN$250,000 worth of HTR Corp. shares

In October 2020, the Corporation decided it would not proceed with the option agreement.

(Expressed in US dollars – except where otherwise indicated)

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

The following table summarizes exploration and evaluation expenditures for each of the Corporation's respective properties.

		June 30 2021		June 30 2020
Golden Zone				
Acquisition and holding costs	**$**	**290,584**	$	269,554
Evaluation expenditures		**256,529**		266,749
	$	**547,113**	$	536,303
Amanita				
Acquisition and holding costs	**$**	**68,086**	$	58,501
Evaluation expenditures		**1,274,284**		198,589
	$	**1,342,370**	$	257,090
Amanita NE				
Acquisition and holding costs	**$**	**835,600**	$	-
Evaluation expenditures		**46,690**		-
	$	**882,290**	$	-
Jungo				
Acquisition and holding costs	**$**	**52,484**	$	38,743
Evaluation expenditures		**4,484**		-
	$	**56,968**	$	38,743
Labrador West				
Acquisition and holding costs	**$**	**(2,771)**	$	686,500
Evaluation expenditures		**596,069**		208,384
	$	**593,298**	$	894,884
Lac Pegma				
Acquisition and holding costs	**$**	**25,418**	$	-
Evaluation expenditures		**124,589**		-
	$	**150,007**	$	-
Other Properties and Exploration Credits				
Acquisition and holding costs	**$**	**-**	$	(80)
Quebec tax credit for eligible exploration expenditures		**(48,278)**		-
Newfoundland Junior Exploration Assistance Program grant		**(89,587)**		-
Evaluation expenditures		**-**		64,417
	$	**(137,865)**	$	64,337
TOTAL EXPLORATION AND EVALUATION EXPENDITURES	**$**	**3,434,181**	$	1,791,357

(Expressed in US dollars – except where otherwise indicated)

15. INCOME TAXES

The Corporation utilizes the asset and liability method of accounting for incomes taxes. The estimated taxable income for the years ended June 30, 2021 and 2020 is $Nil. Based upon the level of historical taxable income, it cannot be reasonably determined if the Corporation will realize deferred income tax assets.

(a) Provision for income taxes

Major items causing the Corporation's effective income tax rate to differ from the combined statutory rate of 20% (2020 – 20%) were as follows:

	2021 $	2020 $
(Loss) before income taxes	(5,831,666)	(3,296,427)
Expected income tax recovery based on statutory rate	1,392,000	829,000
Adjustment to expected income tax benefit:		
Expenses not deductible for tax purposes	(54,000)	(8,000)
Other	(208,000)	(93,000)
Change in benefit of tax assets not recognized	(1,130,000)	(728,000)
Deferred income tax provision (recovery)	-	-

(b) Deferred income taxes

Recognized deferred tax assets and liabilities are as follows:

Canada	2021 $	2020 $
Other	-	(68,000)
Non-capital loss carry-forwards	-	68,000
Total	-	-

(Expressed in US dollars – except where otherwise indicated)

15. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

Canada	2021 $	2020 $
Non-capital loss carry-forwards	6,829,000	5,119,000
Share issue costs	246,000	158,000
Mineral exploration property costs	713,000	619,000
Total	7,788,000	5,896,000

United States		
Non-capital loss carry-forwards	11,997,000	8,760,000
Other	80,000	86,000
Total	12,077,000	8,846,000

The Corporation has approximately $6,829,000 (CDN$8,495,000) (2020 - $5,375,000, CDN $7,296,000) of non- capital losses in Canada, $11,997,000 (2020 - $8,760,000) of non-capital losses in the United States as at June 30, 2021, which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses in the United States do not expire.

The non-capital losses in Canada will expire as follows:

2032	$	127,000
2033		154,000
2034		236,000
2035		324,000
2036		1,954,000
2037		280,000
2038		522,000
2039		1,608,000
2040		865,000
2041		759,000
Total	$	6,829,000

15. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can use the benefits.

(c) Canadian development and exploration expenditures

The Corporation has approximately $713,000 (CDN$906,000) of Canadian development and exploration expenditures as at June 30, 2021 (2020 - $619,000, CDN$784,000) which under certain circumstances can used to reduce taxable income in future years.

16. CONTINGENCIES

Environmental contingencies

The Corporation's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

The Corporation currently has management services agreements with two Company employees that contain the provision of termination and change of control benefits. The agreements provide that in the event that their services are terminated by the Company, other than for cause, or there is a change in control of the Corporation the employee is entitled to a lump sum payment equal to 30 months of remuneration. As a triggering event has not taken place, the contingent payments of $665,000 have not been reflected in these consolidated financial statements.

Flow-through commitment

The Corporation is obligated to spend CDN$415,972 ($335,606) by December 31, 2021 and CDN$2,187,512 ($1,764,885) by December 31, 2022 for the issuance of flow-through shares by HTR Corp. As at June 30, 2021, the Corporation had spent CDN$13,920 ($11,231) and is obligated to spend an additional CDN$402,052 ($324,375) to satisfy the December 31, 2021 obligation. The Corporation has not incurred any expenditures with respect to its December 31, 2022 obligation. The flow-through agreements require the Corporation to renounce certain tax deductions for Canadian exploration expenditures incurred on the Corporation's mineral properties to flow-through participants. The Corporation has indemnified the subscribers for certain tax related amounts that become payable by the subscribers should the Corporation not meet its expenditure commitments.

17. SUBSEQUENT EVENTS

(a) On July 19, 2021, the Corporation granted 1,650,000 stock options to certain members of management, directors and consultants of the Corporation. The options are exercisable into common shares of the Corporation at an exercise price of CDN$0.20 per share and have a five-year term to maturity. The vesting terms are as follows: 600,000 options vested immediately; 475,000 vest on the first anniversary; 475,000 vest on the second anniversary and 100,000 vest on the third anniversary.

(b) A total of 280,000 warrants of the Corporation were exercised for proceeds of CDN$40,500 ($32,675) subsequent to June 30, 2021.

(c) On August 15, 2021, a total of 125,000 options of the Corporation expired.