GREAT BEAR

RESOURCES

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars) – Unaudited

		Sept 30, 2021		Dec 31, 2020
Current assets				
Cash	**$**	**77,394,891**	$	39,356,165
Investments in equity instruments (Note 5)		**392,900**		719,100
Receivables (Note 6)		**807,795**		1,070,350
Prepaids and deposits		**647,404**		259,260
		79,242,990		41,404,875
Non-current assets				
Long-term investments		**-**		57,500
Property and equipment		**792,875**		-
Exploration and evaluation assets (Note 7)		**70,547,274**		45,077,662
Total assets	**$**	**150,583,139**	$	86,540,037
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	**$**	**2,307,415**	$	2,930,710
Lease liabilities		**195,676**		-
Flow-through premium liability (Note 9)		**18,078,770**		7,718,734
		20,581,861		10,649,444
Non-current liabilities				
Lease liabilities		**341,883**		-
Share-based compensation liabilities (Note 10c)		**1,315,135**		-
Deferred tax liabilities		**8,284,280**		3,259,847
Total liabilities	**$**	**30,523,159**	$	13,909,291
Equity				
Share capital (Note 10)		**138,706,374**		89,524,230
Contributed surplus		**20,230,445**		17,842,327
Accumulated other comprehensive (loss)/income		**(472,806)**		18,038
Deficit		**(38,404,033)**		(34,753,849)
Total equity		**120,059,980**		72,630,746
Total liabilities and equity	**$**	**150,583,139**	$	86,540,037

Commitments (Note 14)

Approved and authorized for issue by the Board of Directors on November 10, 2021.

"Paula Rogers" Director

"David Terry" Director

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

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars) – Unaudited

		Three months ended Sept 30, 2021		2020		Nine months ended Sept 30, 2021		2020
Expenses								
Salaries and benefits	**$**	**352,994**	$	175,167	**$**	**942,669**	$	618,167
Office and administration		**207,059**		51,711		**459,619**		215,810
Professional fees		**101,755**		15,769		**404,780**		529,517
Investor relations		**130,711**		97,635		**387,131**		389,972
Director fees (Note 12)		**83,750**		36,831		**228,125**		83,331
Transfer agent and filing fees		**66,599**		31,419		**224,179**		218,377
Consulting		**8,809**		57,827		**102,187**		177,485
Share-based compensation (Note 10c)		**731,270**		90,746		**3,899,652**		5,532,489
Total expenses		**(1,682,947)**		(557,105)		**(6,648,342)**		(7,765,148)
Other income								
Finance income		**140,739**		90,604		**423,888**		288,972
Other income (Note 11)		**2,565,121**		2,067,299		**8,776,640**		4,753,203
Total other income		**2,705,860**		2,157,903		**9,200,528**		5,042,175
Net income/(loss) before taxes		**1,022,913**		1,600,798		**2,552,186**		(2,722,973)
Deferred tax expense		**(1,877,040)**		-		**(6,202,370)**		-
Net (loss)/income	**$**	**(854,127)**	$	1,600,798		**(3,650,184)**	$	(2,722,973)
Other comprehensive loss that will not be reclassified to net loss:								
Change in the fair value of equity instruments (Note 5)		**(97,269)**		(111,599)		**(490,844)**		(313,127)
Net comprehensive (loss)/income	**$**	**(951,396)**	$	1,489,199		**(4,141,028)**		(3,036,100)
Basic and diluted (loss)/earnings per common share	**$**	**(0.01)**	$	0.03	**$**	**(0.06)**	$	(0.06)
Weighted average number of common shares outstanding		**57,387,880**		51,385,357		**56,372,622**		49,139,759

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

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars) – Unaudited

For the nine months ended Sept 30, 2021 and 2020	Common Shares										
	Number		Amount		Contributed Surplus		AOCI		Deficit		Total
Balance at Dec 31, 2019	46,850,413	$	55,559,573	$	11,894,093	$	166,928	$	(24,296,851)	$	43,323,743
Shares issued pursuant to private placement	2,195,600		23,886,480		-		-		-		23,886,480
Share issuance costs	-		(2,212,456)		-		-		-		(2,212,456)
Shares issued for mineral properties	100,000		1,155,000		-		-		-		1,155,000
Shares issued on exercise of options	572,500		1,031,275		-		-		-		1,031,275
Shares issued on exercise of warrants	3,161,445		4,654,196		-		-		-		4,654,196
Share-based compensation	-		-		6,960,620		-		-		6,960,620
Reclass of contributed surplus			2,746,571		(2,746,571)		-		-		-
Distribution of assets to Great Bear Royalties	-		-		-		-		(1,454,538)		(1,454,538)
Allocation to Great Bear Royalties for warrants exercised	-		(22,990)		-		-		-		(22,990)
Net comprehensive loss for the period	-		-		-		(313,127)		(2,722,973)		(3,036,100)
Balance at Sept 30, 2020	**52,879,958**	**$**	**86,797,649**	**$**	**16,108,142**	**$**	**(146,199)**	**$**	**(28,474,362)**	**$**	**74,285,230**
Balance at Dec 31, 2020	52,996,358	$	89,524,230	$	17,842,327	$	18,038	$	(34,753,849)	$	72,630,746
Shares issued pursuant to the Offering (Note 10b)	4,009,000		51,114,750		-		-		-		51,114,750
Share issuance costs, net of tax (Note 10b)	-		(2,977,644)		-		-		-		(2,977,644)
Shares issued on exercise of options (Note 10c)	833,500		541,090		-		-		-		541,090
Share-based compensation (Note 10c)	-		-		2,892,066		-		-		2,892,066
Reclass of contributed surplus	-		503,948		(503,948)		-		-		-
Net comprehensive loss for the period	-		-		-		(490,844)		(3,650,184)		(4,141,028)
Balance at Sept 30, 2021	**57,838,858**	**$**	**138,706,374**	**$**	**20,230,445**	**$**	**(472,806)**	**$**	**(38,404,033)**	**$**	**120,059,980**

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

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars) – Unaudited

		Three months ended Sept 30, 2021		2020		Nine months ended Sept 30, 2021		2020
Net (loss)/income for the period	**$**	**(854,127)**	$	1,600,798	**$**	**(3,650,184)**	$	(2,722,973)
Adjusted for:								
Other income		**(2,564,320)**		(2,067,299)		**(8,747,465)**		(4,753,203)
Share-based compensation (Note 10c)		**731,270**		90,746		**3,899,652**		5,532,489
Deferred tax expense		**1,877,040**		-		**6,202,370**		-
Other		**66,170**		-		**107,796**		-
Changes in working capital items								
Accounts payable and accrued liabilities		**130,513**		(541,558)		**(538,797)**		(77,437)
Prepaids and deposits		**(204,956)**		(299,849)		**(330,645)**		(222,058)
Receivables		**405,111**		(8,649)		**262,555**		(184,992)
Net cash used in operating activities	**$**	**(413,299)**	$	(1,225,811)	**$**	**(2,794,718)**	$	(2,428,174)
Expenditures on exploration and evaluation assets		**(7,803,084)**		(4,569,651)		**(25,246,560)**		(15,082,588)
Expenditures on property and equipment		**(267,925)**		-		**(267,925)**		-
Recoveries on exploration and evaluation assets		**-**		-		**-**		50,000
Distribution of cash to Great Bear Royalties Corp.		**-**		-		**-**		(500,000)
Net cash used in investing activities	**$**	**(8,071,009)**	$	(4,569,651)	**$**	**(25,514,485)**	$	(15,532,588)
Proceeds from the Offering (Note 10b)		**-**		-		**69,981,000**		33,004,200
Share issue costs (Note 10b)		**-**		(1,407)		**(4,078,975)**		(2,212,456)
Proceeds from options exercised		**212,790**		487,025		**541,090**		1,031,275
Proceeds from warrants exercised		**-**		3,404,632		**-**		4,654,196
Other		**(57,112)**		(21,232)		**(95,186)**		(22,990)
Net cash provided by financing activities	**$**	**155,678**	$	3,869,018	**$**	**66,347,929**	$	36,454,225
(Decrease)/increase in cash		**(8,328,630)**		(1,926,444)		**38,038,726**		18,493,463
Cash, beginning of period		**85,723,521**		48,935,784		**39,356,165**		28,515,877
Cash, end of period	**$**	**77,394,891**	$	47,009,340	**$**	**77,394,891**	$	47,009,340

Supplemental disclosure with respect to the consolidated statement of cash flows (Note 13)

1. Nature of operations

Great Bear Resources Ltd. (the "Company" or "Great Bear") is a Canadian publicly traded mineral exploration company incorporated under the laws of British Columbia, that is listed on the TSX Venture Exchange ("TSX-V") under the symbol "GBR". The Company's registered office and its principal place of business is located at 1020 - 800 West Pender Street, Vancouver, BC, Canada V6C 2V6. The Company is focused in the Red Lake District in Northwestern Ontario, where the Company controls over 190 km^2 of highly prospective tenure. The Company's principal project is a 100% interest in the Dixie Project, located 15 kilometres from the town of Red Lake. The Company also controls and is exploring the Pakwash Property, the Sobel Property and the Red Lake North Property located in Northwestern Ontario. The Company has also optioned out several properties located in Ontario and British Columbia. The Company has one operating segment, being mineral exploration focused on the projects in Ontario and British Columbia.

2. Basis of preparation

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Certain disclosures required by IFRS have been condensed or omitted in the following note disclosures as they are disclosed or have been disclosed on an annual basis only. Accordingly, these condensed interim financial statements should be read in conjunction with the consolidated financial statements for the years ended December 31, 2020 and 2019, which have been prepared in accordance with IFRS.

3. Significant accounting policies

a) Basis for measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for cash and certain financial instruments measured at fair values at the end of each reporting period.

The accounting policies in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the years ended December 31, 2020 and 2019, except as detailed in Note 3(c) to 3(e) below.

b) Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of Great Bear Resources Ltd. and its wholly-owned subsidiary Great Bear Resources USA Corp., incorporated in California, USA. All intercompany transactions and balances have been eliminated upon consolidation.

c) Leases

The Company has adopted IFRS 16 – Leases ("IFRS 16"), effective January 1, 2021 and made the following elections under IFRS 16:

- to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short term leases (lease term of 12 months or less) and low value assets; and

- to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases.

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. At this date, the right-of-use asset is measured at cost. Cost includes the initial amount of the lease liability, adjusted for lease payments made before this date as well as any initial direct costs incurred.

The right-of-use asset is depreciated using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the right-of-use asset. Right-of-use assets are adjusted for impairments and/or re-measurements of the lease liability.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is re-measured when there is a change in future lease payments due to a change in an index or rate, a change in the Company's estimate of an amount payable under residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, termination or extension option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset, or recognized in the statement of net loss and comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

d) Share-based compensation liabilities

Share-based compensation in the form of restricted share units ("RSUs") and deferred share units ("DSUs") are measured at the fair value of the equity instruments at the grant date and recorded as a financial liability which is revalued each reporting period. Initial recognition and the subsequent revaluation are recognized as share-based compensation in the statement of loss and comprehensive loss.

e) Property and equipment

Property and equipment is carried at cost, less accumulated depreciation, and accumulated impairment losses. Cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and in initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of (loss)/income during the period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset or over the lease term. Management reviews the estimated useful lives, residual values and depreciation methods of the Company's property and equipment at the end of each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

4. Critical judgements and significant estimates in applying accounting policies

Judgements, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies were the same as those that applied to the Company's consolidated financial statements for the years ended December 31, 2020 and 2019.

(Expressed in Canadian Dollars) - Unaudited

5. Investment in equity instruments

At Dec 31, 2019	$	1,208,566
Additions		637,199
Distributed as part of the spinout of Great Bear Royalties Corp.		(954,538)
Change in the fair value of equity instruments		(172,127)
At Dec 31, 2020	$	719,100
Additions (Note 11)		241,250
Change in the fair value of equity instruments		(567,450)
At Sept 30, 2021	**$**	**392,900**

6. Receivables

		Sept 30, 2021		Dec 31, 2020
GST receivables	**$**	**807,795**	$	871,128
Other receivables		**-**		199,222
	$	**807,795**	$	1,070,350

7. Exploration and evaluation assets

	Dixie Project	Pakwash/ Sobel Property	Red Lake North Property	West Madsen Property	Other Properties	Total
Balance at Dec 31, 2020	$44,150,741	$ 700,921	$ 190,000	$ 36,000	$ -	$45,077,662
Additions:						
Acquisition	-	99,000	105,000	20,000	-	224,000
Exploration:						
Drilling	13,556,657	-	-	-	-	13,556,657
Geological services	4,379,495	127,500	55,613	-	-	4,562,608
Assays	2,905,708	-	-	-	-	2,905,708
Field and administration	1,385,035	36,111	1,945	-	-	1,423,091
Equipment and rentals	1,769,518	12,437	2,850	-	-	1,784,805
Construction and development	343,306	-	-	-	-	343,306
Community relations expense	417,888	-	-	-	-	417,888
Share-based compensation (Note 10c)	307,549	-	-	-	-	307,549
Less Recoveries:						
Option payments	-	-	-	(56,000)	-	(56,000)
Balance at Sept 30, 2021	**$69,215,897**	**$ 975,969**	**$ 355,408**	**$ -**	**$ -**	**$70,547,274**

(Expressed in Canadian Dollars) - Unaudited

	Dixie Project	DPS Property	Red Lake North Property	West Madsen Property	Other Properties	Total
Balance at Dec 31, 2019	$18,441,554	$ 419,630	$ -	$ 90,640	$ 76,262	$19,028,086
Additions:						
Acquisition	-	30,000	20,000	36,000	-	86,000
Shares issued pursuant to option agreement	-	-	170,000	-	-	170,000
Exploration:						
Drilling	11,587,707	-	-	-	-	11,587,707
Geological services	5,693,953	-	-	-	-	5,693,953
Assays	3,450,788	-	-	-	-	3,450,788
Field and administration	686,098	30,311	-	-	-	716,409
Equipment and rentals	1,088,919	14,006	-	-	-	1,102,925
Construction and development	317,668	-	-	-		317,668
Surveying	-	206,974		-	-	206,974
Share-based compensation	1,428,130	-	-	-	-	1,428,130
Community relations expense	446,924	-	-	-	-	446,924
Shares issued pursuant to exploration agreements	1,009,000	-	-	-	-	1,009,000
Less Recoveries:						
Option payments	-	-		(90,640)	(76,262)	(166,902)
Balance at Dec 31, 2020	**$44,150,741**	**$ 700,921**	**$ 190,000**	**$ 36,000**	**$ -**	**$45,077,662**

In May 2021, the Company paid an aggregate of $180,000 to accelerate its earn-ins for the Pakwash Property, the Sobel Property, the Red Lake North Property and the West Madsen Property and also terminated its option on the Deedee Property. Subsequent to the termination of the option on the Deedee Property, the DPS Project has been renamed the Pakwash/Sobel Property.

8. Accounts payable and accrued liabilities

	Sept 30, 2021	Dec 31, 2020
Accounts payable	**$ 2,295,915**	$ 2,078,678
Accrued liabilities	**11,500**	852,032
	$ 2,307,415	$ 2,930,710

9. Flow-through premium liability

At Dec 31, 2019	$ 4,766,849
Liability arising from issuance of flow-through shares (Note 10b)	8,764,776
Recoveries on flow-through premium liabilities	(5,812,891)
Balance at Dec 31, 2020	$ 7,718,734
Liability arising from issuance of flow-through shares (Note 10b)	18,866,250
Recoveries on flow-through premium liabilities (Note 11)	(8,506,214)
Balance at Sept 30, 2021	**$ 18,078,770**

10. Share capital

a) Authorized

Share capital consists of an unlimited number of voting common shares without par value.

b) Issued

On February 25, 2021, Great Bear completed a "bought deal" private placement financing (the "Offering") pursuant to which it issued 3,225,000 flow-through shares at a price of $18.60 per flow-through share, and 784,000 common shares at a price of $12.75 for aggregate gross proceeds of $69,981,000. A premium of $5.85 per share was recorded for the flow-through shares. The Company incurred transaction costs of $4,078,975 in relation to the Offering which have been recorded as a reduction of equity on the consolidation statement of equity with a corresponding deferred tax recovery of $1,101,331. A flow-through liability of $18,866,250 was recorded in connection with the Offering (Note 9).

(Expressed in Canadian Dollars) - Unaudited

Common shares	Flow-through premium liability	Share issue costs	**Gross proceeds**
$51,114,750	$18,866,250	$4,078,975	**$69,981,000**

On June 2, 2020, Great Bear completed a financing pursuant to which it issued 1,470,600 flow-through shares at a price of $17.00 per flow-through common share, and 725,000 common shares of the Company at a price of $11.04 per common share for aggregate gross proceeds of $33,004,200. A premium of $5.96 per share was recorded for the flow-through shares. The Company incurred transaction costs of $2,212,456 in relation to the Offering which have been recorded as a reduction of equity on the consolidation statement of equity. A flow-through liability of $8,764,776 was recorded in connection with the flow-through financing (Note 9).

Common shares	Flow-through premium liability	Share issue costs	**Gross proceeds**
$24,239,424	$8,764,776	$2,212,456	**$33,004,200**

c) Share-based compensation

Details of the share-based compensation expense for the three and nine months ended September 30, 2021 and September 30, 2020 are presented below:

	Three months ended Sept 30,		**Nine months ended Sept 30,**	
	2021	2020	**2021**	2020
Share-option expense (i)	**$ 652,411**	$ 90,746	**$ 2,745,740**	$ 5,532,489
RSU expense, net of change in fair value during the period (ii)	**179,898**	-	**323,552**	-
DSU expense, net of change in fair value during the period (ii)	**(101,039)**	-	**830,360**	-
	$ 731,270	$ 90,746	**$ 3,899,652**	$ 5,532,489

i. Share options

The Company has established a share option plan (the "Option Plan") whereby the Board of Directors may from time to time, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company. Options must be exercised no later than five years from the date of grant or such lesser or greater period as may be determined by the Board of Directors and in accordance with the Option Plan and the policies of the TSX-V. The exercise price of an option must be determined by the Board of Directors and in accordance with the Option Plan and TSX-V policies. Subject to TSX-V policies, the Board of Directors may determine vesting terms at the time of grant.

During the three months ended September 30, 2021, share-option expense totaled $770,056, $117,645 of which was capitalized to exploration and evaluation assets and $652,411 of which was expensed in the period. During the nine months ended September 30, 2021, share-based compensation totaled $2,892,066, $146,326 of which was capitalized to exploration and evaluation assets and $2,745,740 of which was expensed in the period.

During the three months ended September 30, 2020, share-option expense totaled $90,746 which was expensed in the period. During the nine months ended September 30, 2020, share-option expense totaled $6,960,620, $1,428,131 of which was capitalized to exploration and evaluation assets and $5,532,489 of which was expensed in the period.

(Expressed in Canadian Dollars) - Unaudited

The following assumptions were used for Black-Scholes valuation of the share options granted during the nine months ended September 30, 2021 and September 30, 2020:

	Sept 30, 2021	**Sept 30, 2020**
Expected dividend yield	0.00%	0.00%
Weighted average risk-free interest rate	0.84-0.92%	0.39-1.29%
Weighted average expected life	5 years	5 years
Weighted average expected volatility	67-72%	98-100%

Details of the changes in share-options is presented below:

	Share options outstanding	**Weighted average exercise price**
At Dec 31, 2019	3,832,500	$ 1.93
Granted	1,160,000	11.44
Exercised	(678,900)	2.24
Cancelled	(15,000)	3.69
At Dec 31, 2020	4,298,600	$ 4.44
Granted	445,000	14.44
Exercised	(833,500)	0.65
At Sept 30, 2021	**3,910,100**	**$ 6.39**

As at September 30, 2021, the following stock options were outstanding and exercisable:

Options Outstanding	**Options Exercisable**	**Exercise price**	**Weighted Average Remaining Life (in years)**	**Expiry date**
170,000	170,000	$ 0.35	1.03	October 11, 2022
400,000	400,000	$ 0.50	1.42	March 1, 2023
235,000	235,000	$ 0.54	1.78	July 11, 2023
759,000	759,000	$ 1.83	1.97	September 20, 2023
323,600	323,600	$ 3.69	2.39	February 21, 2024
302,500	302,500	$ 5.27	2.82	July 24, 2024
10,000	10,000	$ 7.63	3.03	October 10, 2024
125,000	125,000	$ 6.52	3.14	November 18, 2024
690,000	690,000	$ 8.61	3.34	January 31, 2025
150,000	150,000	$16.28	3.73	June 23, 2025
150,000	-	$14.77	4.01	October 2, 2025
150,000	150,000	$16.69	4.21	December 15, 2025
150,000	150,000	$13.98	4.44	March 8, 2026
205,000	-	$14.97	4.60	May 7, 2026
90,000	-	$13.98	4.87	August 13, 2026
3,910,100	**3,465,100**	**$ 6.39**	**2.78**	

ii. Share-based compensation liabilities

The Company has established a restricted share unit and deferred share unit compensation plan (the "RSU/DSU Plan") whereby the Board of Directors may, from time to time, grant RSUs and DSUs to employees, directors and consultants of the Company. The Board of Directors may determine the time during which the RSUs and DSUs shall vest and the method of vesting. The maximum number of common shares authorized for issue under the RSU/DSU Plan as at September 30, 2021 is 2,856,768. The maximum number of common shares issuable in aggregate at any time under the Option Plan and the RSU/DSU Plan adopted by the Company may not exceed 10% of the common shares issued and outstanding at that time. At the discretion of the Board of Directors, RSUs granted under the RSU/DSU Plan can have a maximum exercise term of 3 years following the end of the year in which the RSU grant occurred. DSUs granted under the RSU/DSU Plan are settled when a director retires from the Board of Directors.

(Expressed in Canadian Dollars) - Unaudited

Vesting terms are determined at the time of grant by the Board of Directors. Upon vesting, the RSUs can be cash-settled or share-settled under the RSU/DSU Plan, as determined by the Board of Directors. DSUs can be cash-settled or share-settled under the RSU/DSU Plan, as determined by the Board of Directors, until December of the year following the director's retirement. The intention of the Board of Directors is to settle the RSUs and DSUs in cash, and accordingly they are recorded as a financial liability on the condensed interim statement of financial position.

On May 7, 2021, the Company granted 265,356 RSUs to employees and consultants which vest on May 7, 2024. On August 13, 2021, the Company granted 19,524 RSUs to an employee and which vest on August 13, 2024. During the three months ended September 30, 2021, the Company recorded share-based compensation of $285,918 relating to the vesting of the RSUs, net of the change in fair value, $179,898 of which was expensed in the period and $106,020 of which was capitalized to exploration and evaluation assets. During the nine months ended September 30, 2021, the Company recorded share-based compensation of $484,775 relating to the vesting of the RSUs, net of the change in fair value, $323,552 of which was expensed in the period and $161,223 of which was capitalized to exploration and evaluation assets. There were no RSUs granted by the Company during the three and nine months ended September 30, 2020.

On May 7, 2021, pursuant to the RSU/DSU Plan, the Company granted 61,236 DSUs to directors which vested immediately. During the three and nine months ended September 30, 2021, the Company recorded share-based compensation expense of $(101,039) and $830,360, respectively, relating to the DSUs, net of the change in fair value. There were no DSUs granted by the Company during the three and nine months ended September 30, 2020.

	RSUs outstanding	Fair value of RSU liability
At Dec 31, 2020	-	$ -
Granted	284,880	487,324
Cancelled	(3,402)	(2,549)
At Sept 30, 2021	**281,478**	**$ 484,775**

	DSUs outstanding	Fair value of DSU liability
At Dec 31, 2020	-	$ -
Granted	61,236	830,360
At Sept 30, 2021	**61,236**	**$ 830,360**
Total share-based compensation liabilities		**$ 1,315,135**

11. Other income

	Three months ended Sept 30, 2021	Three months ended Sept 30, 2020	Nine months ended Sept 30, 2021	Nine months ended Sept 30, 2020
Recoveries on flow-through premium liabilities (Note 9)	**$ 2,455,121**	$ 1,462,213	**$ 8,506,214**	$ 3,953,359
Equity instruments received for exploration and evaluation assets (Note 5)	**110,000**	330,938	**241,250**	520,298
Other	**-**	274,148	**29,176**	279,546
	$ 2,565,121	$ 2,067,299	**$ 8,776,640**	$ 4,753,203

(Expressed in Canadian Dollars) - Unaudited

12. Related party transactions

The renumeration of key management personnel which, includes directors and certain officers, during the period were as follows:

	Three months ended Sept 30, 2021	Three months ended Sept 30, 2020	Nine months ended Sept 30, 2021	Nine months ended Sept 30, 2020
Director fees	**$ 83,750**	$ 36,831	**$ 228,125**	$ 83,831
Salaries and wages paid to key management	**243,750**	360,918	**692,501**	873,085
Share-based compensation	**212,531**	90,747	**2,445,267**	4,760,003
	$ 540,031	$ 488,496	**$ 3,365,893**	$ 5,716,919

13. Supplementary cash-flow information

Non-cash transactions are as follows:

	Three months ended Sept 30, 2021	Three months ended Sept 30, 2020	Nine months ended Sept 30, 2021	Nine months ended Sept 30, 2020
Change in exploration expenditures included in accounts payable	**$ (408,081)**	$ 1,421,787	**$ (84,498)**	$ 1,718,968
Shares issued in respect of exploration and evaluation assets	**-**	-	**-**	1,155,000
Equity instruments received for exploration and evaluation assets (Note 5)	**110,000**	347,200	**241,250**	637,200

14. Commitments

The Company is committed to spending certain qualified expenditures arising from the issuance of flow-through shares (Notes 9, 10b). As at September 30, 2021, $57,481,217 qualified expenditures remain to be incurred by December 31, 2022 relating to the Offering. The Company believes it has sufficient cash on hand to fund these expenditures.

15. Financial and capital risk management

The Company's financial instruments consist of cash, investments in equity instruments, receivables, accounts payable and accrued liabilities, flow-through premium liabilities and share-based compensation liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company's accounts payable have contractual maturities of 30 days and are subject to normal trade terms. The Company is considered to be in the exploration and evaluation stage, thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is available on demand for the Company's programs and is not invested in any asset-backed commercial paper. The Company believes it has sufficient cash resources to pay its obligations associated with its financial liabilities as at September 30, 2021.

b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company maintains its cash with high-credit quality financial institutions, thus limiting its exposure to credit risk on such financial assets.

(Expressed in Canadian Dollars) - Unaudited

c) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash, and restricted cash as they are generally held with large financial institutions.

d) Price risk

Investments in equity instruments which are classified as fair value through other comprehensive income and are measured at fair value, are listed on public stock exchanges. Recently, the markets have experienced volatility; therefore, sensitivity analysis is performed using 15%. For such investments, a 15% increase in equity prices as at September 30, 2021 would have increased investments in equity instruments by $58,935 (December 31, 2020 - $107,865). An equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

e) Fair value hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

The fair value of cash and investments in equity instruments is measured based on level 1 of the fair value hierarchy. Investments in equity instruments are measured at their fair value at the end of each reporting period with the remeasurement recorded in other comprehensive income. The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2021 and December 31, 2020:

	Classification	**Level**	**Sept 30, 2021**	**Dec 31, 2020**
Cash	FVTPL	1	$ 77,394,891	$ 39,356,165
Investments in equity instruments	FVOCI	1	$ 392,900	$ 719,100
Long-term investments	FVTPL	1	$ -	$ 57,500
Share-based compensation liabilities	FVTPL	1	$ (1,315,135)	$ -

There were no transfers between Level 1, 2 and 3 during the nine months ended September 30, 2021 and the year ended December 31, 2020. The fair values of the Company's receivables, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

f) Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. There were no changes in the Company's approach to capital management during the period. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. As at September 30, 2021, the Company is not subject to externally imposed capital requirements.