GREAT BEAR

RESOURCES

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 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

		Jun 30, 2021		Dec 31, 2020
Current assets				
Cash	**$**	**85,723,521**	$	39,356,165
Investments in equity instruments (Note 5)		**395,350**		719,100
Receivables (Note 6)		**1,212,906**		1,070,350
Prepaids and deposits		**442,447**		259,260
		87,774,224		41,404,875
Non-current assets				
Long-term investments		**-**		57,500
Right-of-use assets		**580,649**		-
Exploration and evaluation assets (Note 7)		**62,928,606**		45,077,662
Total assets	**$**	**151,283,479**	$	86,540,037
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	**$**	**2,584,982**	$	2,930,710
Lease liabilities		**228,447**		-
Flow-through premium liability (Note 9)		**20,533,090**		7,718,734
		23,346,519		10,649,444
Non-current liabilities				
Lease liabilities		**355,752**		-
Share-based payment liabilities (Note 10c)		**1,130,257**		-
Deferred tax liabilities		**6,422,421**		3,259,847
Total liabilities	**$**	**31,254,949**	$	13,909,291
Equity				
Share capital (Note 10)		**138,289,213**		89,524,230
Contributed surplus (Note 10)		**19,664,760**		17,842,327
Accumulated other comprehensive (loss)/income		**(375,537)**		18,038
Deficit		**(37,549,906)**		(34,753,849)
Total equity		**120,028,530**		72,630,746
Total liabilities and equity	**$**	**151,283,479**	$	86,540,037

Commitments (Note 14)
Subsequent events (Note 10c)

Approved and authorized for issue by the Board of Directors on August 13, 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 Jun 30, **2021**	2020	Six months ended Jun 30, **2021**	2020
Expenses				
Salaries and benefits	**$ 333,002**	$ 328,910	**$ 589,675**	$ 484,897
Professional fees	**176,453**	337,737	**303,025**	513,748
Marketing expense	**145,697**	143,163	**256,420**	342,258
Office and administration	**155,851**	34,096	**252,560**	87,281
Transfer agent and filing fees	**70,909**	111,421	**157,580**	186,958
Director fees (Note 12)	**95,625**	24,000	**144,375**	46,500
Consulting	**58,300**	205,000	**93,378**	269,658
Share-based payments (Note 10c)	**1,609,730**	2,279,234	**3,168,382**	7,187,946
Total expenses	**(2,645,567)**	(3,463,561)	**(4,965,395)**	(9,119,246)
Other income				
Finance income	**166,600**	59,746	**283,149**	198,368
Other income (Note 11)	**3,709,771**	1,465,735	**6,211,519**	2,685,904
Total other income	**3,876,371**	1,525,481	**6,494,668**	2,884,272
Net income/(loss) before taxes	**1,230,804**	(1,938,080)	**1,529,273**	(6,234,974)
Deferred tax expense	**(2,542,527)**	-	**(4,325,330)**	-
Net loss	**$ (1,311,723)**	$ (1,938,080)	**(2,796,057)**	$ (6,234,974)
Other comprehensive loss that will not be reclassified to net loss:				
Change in the fair value of equity instruments (Note 5)	**(51,814)**	258,621	**(393,575)**	(201,528)
Net comprehensive loss	**$ (1,363,537)**	$ (1,679,459)	**(3,189,632)**	(6,436,502)
Basic and diluted loss per common share	**$ (0.02)**	$ (0.04)	**$ (0.05)**	$ (0.13)
Weighted average number of common shares outstanding	**57,135,358**	47,938,379	**55,856,579**	47,597,846

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

(Expressed in Canadian Dollars) – Unaudited

For the six months ended June 30, 2021 and 2020	Common Shares						
	Number	Amount	Contributed Surplus	AOCI	Deficit	Total
Balance at December 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 (Note 10)	-	(2,211,049)	-	-	-	(2,211,049)
Shares issued for mineral properties	100,000	1,155,000	-	-	-	1,155,000
Shares issued on exercise of options	345,000	544,250	-	-	-	544,250
Shares issued on exercise of warrants	1,215,941	1,249,564	-	-	-	1,249,564
Share-based payments	-	-	8,131,361	-	-	8,131,361
Reclass of contributed surplus		992,046	(992,046)	-	-	-
Distribution of assets to Great Bear Royalties	-	-	-	-	(1,454,538)	(1,454,538)
Allocation to Great Bear Royalties for warrants exercised	-	(1,758)	-	-	-	(1,758)
Net comprehensive loss for the period				(201,528)	(6,234,974)	(6,436,502)
Balance at June 30, 2020	**50,706,954**	**$ 81,174,106**	**$ 19,033,408**	**$ (34,600)**	**$(31,986,363)**	**$ 68,186,551**
Balance at December 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)	130,000	328,300	-	-	-	328,300
Share-based payments (Note 10c)	-	-	2,122,010	-	-	2,122,010
Reclass of contributed surplus	-	299,577	(299,577)	-	-	-
Net comprehensive loss for the period	-	-	-	(393,575)	(2,796,057)	(3,189,632)
Balance at June 30, 2021	**57,135,358**	**$ 138,289,213**	**$ 19,664,760**	**$ (375,537)**	**$(37,549,906)**	**$ 120,028,530**

- 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 Jun 30, 2021	2020	Six months ended Jun 30, 2021	2020
Net loss for the period	$ **(1,311,723)**	$ (1,938,080)	$ **(2,796,057)**	$ (6,234,974)
Adjusted for:				
Other income	**(3,681,396)**	(1,465,735)	**(6,183,144)**	(2,685,904)
Share-based payments (Note 10c)	**1,609,730**	2,279,234	**3,168,382**	7,187,946
Deferred tax expense	**2,542,527**	-	**4,325,330**	-
Other	**41,625**	-	**41,625**	-
Changes in working capital items				
Accounts payable and accrued liabilities	**(28,840)**	501,555	**(669,311)**	(292,004)
Prepaids and deposits	**(71,339)**	266,109	**(125,687)**	77,791
Receivables	**(322,166)**	(111,697)	**(142,556)**	(176,343)
Net cash used in operating activities	$ **(1,221,582)**	$ (468,614)	$ **(2,381,418)**	$ (2,123,488)
Expenditures on exploration and evaluation assets	**(10,954,129)**	(5,037,560)	**(17,443,476)**	(9,591,812)
Recoveries on exploration and evaluation assets	**-**	50,000	**-**	50,000
Distribution of cash to Great Bear Royalties Corp.	**-**	(500,000)	**-**	(500,000)
Net cash used in investing activities	$ **(10,954,129)**	$ (5,487,560)	$ **(17,443,476)**	$ (10,041,812)
Proceeds from the Offering (Note 10b)	**-**	33,004,200	**69,981,000**	33,004,200
Share issue costs (Note 10b)	**-**	(2,211,049)	**(4,078,975)**	(2,211,049)
Proceeds from options exercised	**-**	523,950	**328,300**	544,250
Proceeds from warrants exercised	**-**	589,727	**-**	1,249,564
Other	**(38,075)**	(1,758)	**(38,075)**	(1,758)
Net cash (used in)/provided by financing activities	$ **(38,075)**	$ 31,905,070	$ **66,192,250**	$ 32,585,207
(Decrease)/increase in cash	**(12,213,786)**	25,948,896	**46,367,356**	20,419,907
Cash, beginning of period	**97,937,307**	22,986,888	**39,356,165**	28,515,877
Cash, end of period	$ **85,723,521**	$ 48,935,784	$ **85,723,521**	$ 48,935,784

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

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

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 200 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 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) and 3(d) 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.

(Expressed in Canadian Dollars) - Unaudited

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 payment liabilities

Share-based payments 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 payments in the statement of loss and comprehensive loss.

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.

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 December 31, 2020	$	719,100
Additions (Note 11)		131,250
Change in the fair value of equity instruments		(455,000)
At Jun 30, 2021	**$**	**395,350**

6. Receivables

		Jun 30, 2021		Dec 31, 2020
GST receivables	**$**	**1,212,906**	$	871,128
Other receivables		**-**		199,222
	$	**1,212,906**	$	1,070,350

(Expressed in Canadian Dollars) - Unaudited

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	9,979,383	-	-	-	-	9,979,383
Geological services	3,041,977	55,660	22,205	-	-	3,119,842
Assays	1,842,096	-	-	-	-	1,842,096
Field and administration	975,630	24,977	-	-	-	1,000,607
Equipment and rentals	1,083,231	4,039	-	-	-	1,087,270
Construction and development	253,246	-	-	-	-	253,246
Community relations expense	316,616	-	-	-	-	316,616
Share-based payments (Note 10c)	83,885	-	-	-	-	83,885
Less Recoveries:						
Option payments	-	-	-	(56,000)	-	(56,000)
Balance at Jun 30, 2021	**$61,726,804**	**$ 884,597**	**$ 317,205**	**$ -**	**$ -**	**$62,928,606**

	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 payments	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.

(Expressed in Canadian Dollars) - Unaudited

8. Accounts payable and accrued liabilities

		Jun 30, 2021		Dec 31, 2020
Accounts payable	$	**2,561,982**	$	2,078,678
Accrued liabilities		**23,000**		852,032
	$	**2,584,982**	$	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)		(6,051,894)
Balance at Jun 30, 2021	**$**	**20,533,090**

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).

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 $2,211,049 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	$2,211,049	**$33,004,200**

(Expressed in Canadian Dollars) - Unaudited

c) Share-based compensation

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

	Three months ended Jun 30,		Six months ended Jun 30,	
	2021	2020	**2021**	2020
Share-option expense (a)	**$ 534,676**	$ 2,279,234	**$ 2,093,328**	$ 7,187,946
RSU expense (b)	**143,654**	-	**143,654**	-
DSU expense (b)	**931,400**	-	**931,400**	-
	$ 1,609,730	$ 2,279,234	**$ 3,168,382**	$ 7,187,946

a. 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.

On March 8, 2021, the Company granted 150,000 share options which vested immediately with an exercise price of $13.98 and a valuation of $1,191,286 which was expensed during the six months ended June 30, 2021. On May 7, 2021, the Company granted 205,000 share options which vest over two years with an exercise price of $14.97. The Company recognized share-based compensation of $195,991 relating to the vesting of these share options during the three months ended June 30, 2021, $167,309 of which was expensed and $28,682 of which was capitalized to exploration and evaluation assets. During the three and six months ended June 30, 2021, the Company also recognized share-based compensation expense of $367,367 and $734,733, respectively, relating to the vesting of share options granted during the year ended December 31, 2020.

On January 31, 2020, the Company granted 710,000 share options which vested immediately with an exercise price of $8.67 and a valuation of $5,581,858, $4,638,445 of which was expensed and $943,413 of which was capitalized to exploration and evaluation assets. On June 23, 2020, the Company granted 150,000 share options which vested immediately with an exercise price of $16.28 and a valuation of $2,094,262 which was expensed during the three months ended June 30, 2020. During the three and six months ended June 30, 2020, the Company also recognized share-based compensation expense of $184,972 and $455,239, respectively, relating to the vesting of share options granted during the year ended December 31, 2019.

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

	Jun 30, 2021	**Jun 30, 2020**
Expected dividend yield	0.00%	0.00%
Weighted average risk-free interest rate	0.87-0.92%	0.39-1.29%
Weighted average expected life	5 years	5 years
Weighted average expected volatility	70-72%	131-143%

(Expressed in Canadian Dollars) - Unaudited

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	355,000	14.55
Exercised	(130,000)	2.53
At Jun 30, 2021	**4,523,600**	**$ 5.29**

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

Options Outstanding	Options Exercisable	Exercise price	Weighted Average Remaining Life (in years)	Expiry date
615,000	615,000	$ 0.22	0.17	September 1, 2021
170,000	170,000	$ 0.35	1.28	October 11, 2022
445,000	445,000	$ 0.50	1.67	March 1, 2023
268,500	268,500	$ 0.54	2.03	July 11, 2023
759,000	759,000	$ 1.83	2.22	September 20, 2023
333,600	333,600	$ 3.69	2.65	February 21, 2024
302,500	302,500	$ 5.27	3.07	July 24, 2024
10,000	10,000	$ 7.63	3.28	October 10, 2024
125,000	125,000	$ 6.52	3.39	November 18, 2024
690,000	690,000	$ 8.61	3.59	January 31, 2025
150,000	150,000	$16.28	3.98	June 23, 2025
150,000	-	$14.77	4.26	October 2, 2025
150,000	150,000	$16.69	4.46	December 15, 2025
150,000	150,000	$13.98	4.69	March 8, 2026
205,000	-	$14.97	4.85	May 7, 2026
4,523,600	**4,168,600**	**$ 5.29**	**2.58**	

Subsequent to June 30, 2021, the Company granted 90,000 share options with an exercise price of $13.98 which can be exercised for five years and vest over a period of two years. Subsequent to June 30, 2021, 10,000 share options were also exercised.

b. Share-based payment 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 June 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. 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 termination of service. 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.

(Expressed in Canadian Dollars) - Unaudited

On May 7, 2021, the Company granted 265,356 RSUs to employees and consultants which vest in three years. During the three months ended June 30, 2021, the Company recorded share-based compensation of $198,857 relating to the vesting of the RSUs, $143,654 of which was expensed in the period and $55,203 of which was capitalized to exploration and evaluation assets. There were no RSUs granted by the Company during the three and six months ended June 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 months ended June 30, 2021, the Company recorded share-based compensation expense of $931,400 relating to the DSUs. There were no DSUs granted by the Company during the three and six months ended June 30, 2020.

	RSUs outstanding	Fair value of RSU liability
At Dec 31, 2020	-	$ -
Granted	265,356	198,857
At Jun 30, 2021	**265,356**	**$ 198,857**

	DSUs outstanding	Fair value of DSU liability
At Dec 31, 2020	-	$ -
Granted	61,236	931,400
At Jun 30, 2021	**61,236**	**$ 931,400**
Total share-based payment liabilities		**$ 1,130,257**

Subsequent to June 30, 2021, the Company granted 19,524 RSUs which vest on August 13, 2024.

11. Other income

	Three months ended Jun 30, **2021**	2020	Six months ended Jun 30, **2021**	2020
Recoveries on flow-through premium liabilities (Note 9)	**$ 3,550,146**	$ 1,330,977	**$ 6,051,894**	$ 2,491,146
Equity instruments received for exploration and evaluation assets (Note 5)	**131,250**	129,360	**131,250**	189,360
Other	**28,375**	5,398	**28,375**	5,398
	$ 3,709,771	$ 1,465,735	**$ 6,211,519**	$ 2,685,904

12. Related party transactions

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

	Three months ended Jun 30, **2021**	2020	Six months ended Jun 30, **2021**	2020
Director fees	**$ 95,625**	$ 24,000	**$ 144,375**	$ 46,500
Geological fees capitalized to exploration and evaluation assets	**75,000**	60,417	**143,751**	116,667
Management and consulting fees	**170,750**	410,500	**305,000**	521,000
Share-based payments	**1,041,450**	2,279,234	**2,232,735**	5,466,218
	$ 1,382,825	$ 2,774,151	**$ 2,825,861**	$ 6,150,385

(Expressed in Canadian Dollars) - Unaudited

13. Supplementary cash-flow information

Non-cash transactions are as follows:

	Three months ended Jun 30,		Six months ended Jun 30,	
	2021	2020	**2021**	2020
Change in exploration expenditures included in accounts payable	**$ (503,727)**	$ 494,983	**$ 323,583**	$ 1,366,718
Shares issued in respect of exploration and evaluation assets	**-**	1,155,000	**-**	1,155,000
Equity instruments received for exploration and evaluation assets (Note 5)	**131,250**	150,000	**131,250**	270,000

14. Commitments

The Company is committed to spending certain qualified expenditures arising from the issuance of flow-through shares (Notes 9, 10b). As at June 30, 2021, $4,754,410 of qualified expenditures remain to be incurred by December 31, 2021 relating to the June 2020 financing and $59,985,000 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 payment 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 June 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.

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.

(Expressed in Canadian Dollars) - Unaudited

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, including TSX-V and OTC-QB. Recently, the markets have experienced volatility; therefore, sensitivity analysis is performed using 15%. For such investments, a 15% increase in equity prices as at June 30, 2021 would have increased investments in equity instruments by $59,302. 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 June 30, 2021 and December 31, 2020:

	Classification	Level	Jun 30, 2021	Dec 31, 2020
Cash	FVTPL	1	$ 85,723,521	$ 39,356,165
Investments in equity instruments	FVOCI	1	$ 395,350	$ 719,100
Long-term investments	FVTPL	1	$ -	$ 57,500
Share-based payment liabilities	FVTPL	1	$ (1,130,257)	$ -

There were no transfers between Level 1, 2 and 3 during the six months ended June 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 June 30, 2021, the Company is not subject to externally imposed capital requirements.