PANCONTINENTAL RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(unaudited)

EXPRESSED IN CANADIAN DOLLARS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Pancontinental Resources Corporation (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, RSM Canada LLP, has not performed a review of these unaudited condensed interim consolidated financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

PANCONTINENTAL RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited, expressed in Canadian dollars)

As at	March 31 2021	December 31 2020
ASSETS		
Current		
Cash and cash equivalents	**$ 3,017,781**	$ 3,645,426
Sales tax receivable	**13,372**	12,347
Prepaid expenses and deposits	**212,609**	388,716
	3,243,762	4,046,489
Investment in Tortuga Resources Inc.	**1**	1
	$ 3,243,763	$ 4,046,490
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6)	**$ 237,748**	$ 492,545
Loans from related parties (note 12)	**103,000**	103,000
	340,748	595,545
EQUITY		
Share capital (note 7)	**24,052,858**	23,672,863
Contributed surplus	**5,661,319**	5,632,438
Warrants (note 8)	**2,619,769**	2,657,055
Deficit	**(29,430,931)**	(28,511,411)
	2,903,015	3,450,945
	$ 3,243,763	$ 4,046,490

Nature of operations and going concern (note 1)
Subsequent events (note 16)

PANCONTINENTAL RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited, expressed in Canadian dollars)

Three months ended March 31,	**2021**	2020
Other Income		
Exploration and evaluation recovery (notes 10, 11)	**$ 300,000**	$ -
Interest income	**1,627**	-
	301,627	-
Expenses		
Corporate and administrative (notes 9, 12)	**223,477**	172,984
Exploration and evaluation (note 10)	**947,328**	108,727
Share-based payments (notes 9, 12)	**35,330**	109,157
Foreign exchange loss	**15,012**	11,270
	1,221,147	402,138
Net loss and comprehensive loss	**$ (919,520)**	$ (402,138)
Basic and diluted loss per share (note 14)	**$ (0.004)**	$ (0.002)
Weighted average number of common shares outstanding:		
Basic and diluted	**242,985,746**	183,947,290

See accompanying notes.

PANCONTINENTAL RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited, expressed in Canadian dollars)

	Share capital	Contributed surplus	Warrants	Deficit	Total
Balance, December 31, 2019	$ 20,088,201	$ 4,670,433	$ 702,437	$ (25,485,065)	$ (23,994)
Units issued by private placements (notes 7,8)	1,512,651	-	1,487,349	-	3,000,000
Share issuance costs	(24,288)	-	-	-	(24,288)
Share-based payments (notes 7)	-	109,157	-	-	109,157
Net loss for the period	-	-	-	(402,138)	(402,138)
Balance, March 31, 2020	21,576,564	4,779,590	2,189,786	(25,887,203)	2,658,737
Units issued by private placements (notes 7,8)	2,291,518	-	768,482	-	3,060,000
Broker/Finder warrants (notes 7,8)	-	-	95,748	-	95,748
Shares issued for mineral properties (note 7)	78,000	-	-	-	78,000
Shares issued for debt (note 7)	41,750	-	-	-	41,750
Share issuance costs	(362,041)	-	-	-	(362,041)
Exercise of options	47,072	(22,572)	-	-	24,500
Warrants expired	-	396,961	(396,961)	-	-
Share-based payments (note 7)	-	478,459	-	-	478,459
Net loss for the year	-	-	-	(2,624,208)	(2,624,208)
Balance, December 31, 2020	$ 23,672,863	$ 5,632,438	$ 2,657,055	$ (28,511,411)	$ 3,450,945
Shares issued for mineral properties (note 7)	212,500	-	-	-	212,500
Exercise of options	13,449	(6,449)	-	-	7,000
Exercise of unit warrants	154,046	-	(37,286)	-	116,760
Share-based payments (note 7)	-	35,330	-	-	35,330
Net loss for the period	-	-	-	(919,520)	(919,520)
Balance, March 31, 2021	**$ 24,052,858**	**$ 5,661,319**	**$ 2,619,769**	**$ (29,430,931)**	**$ 2,903,015**

See accompanying notes.

PANCONTINENTAL RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, expressed in Canadian dollars)

Three months ended March 31,	**2021**	2020
Operating activities		
Loss for the period	**$ (919,520)**	$ (402,138)
Adjustments to reconcile loss to net cash used:		
Share-based payments	**35,330**	109,157
Shares issued for mineral properties	**212,500**	-
Unrealized foreign exchange	**90,689**	21,894
	(581,001)	(271,087)
Net changes in non-cash working capital items		
Royalty revenue receivable	**-**	6,561
Sales tax receivable	**(1,025)**	29,339
Prepaid expenses and deposits	**173,535**	(23,808)
Accounts payable and accrued liabilities	**(253,571)**	25,854
	(662,062)	(233,141)
Financing activities		
Units issued by private placements	**-**	3,000,000
Proceeds from exercise of options	**7,000**	-
Proceeds from exercise of warrants	**116,760**	-
Share issuance costs	**-**	(24,288)
Net cash flows provided by financing activities	**123,760**	2,975,712
Net change in cash	**(538,302)**	2,742,571
Cash and cash equivalents, beginning of period	**3,645,426**	224,808
Effect of exchange rate changes on cash	**(89,343)**	2,447
Cash and cash equivalents, end of period	**$ 3,017,781**	$ 2,969,826

See accompanying notes.

1. NATURE OF OPERATIONS AND GOING CONCERN

Pancontinental Resources Corporation (the "Company"), is a publicly-listed exploration company involved in the business of acquiring and exploring mineral properties. The Company's shares are listed on the TSX Venture Exchange under the trading symbol "PUC" and on the United States OTCQB Venture Market under the trading symbol "PUCCF". The address of the Company's registered office is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

Going Concern
The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurances that future exploration activities will result in the discovery of economically recoverable mineral deposits. The success and continuation of the Company as a going concern is dependent upon the Company's ability to arrange financing, which in part, depends on prevailing market conditions, acquiring or discovering economically viable mineral properties, exploration success, and securing title and beneficial interest in its properties.

Further funds will be required for the Company to continue as a going concern, fulfil its obligations and fund its activities. The Company does not produce revenues from its exploration activities or have a regular source of cash flow. There can be no assurance that the Company will be able to obtain sufficient financing in the future or at favourable terms.

As at March 31, 2021, the Company had working capital of $2,903,014 (December 31, 2020 - $3,450,944), incurred losses for the current three month period of $919,520 (2020 - $402,138), and, had an accumulated deficit of $29,430,931 (December 31, 2020 - $28,511,411).

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, due to uncertainties surrounding a number of factors, such as, but not limited to, the ability to raise additional funds, ability to acquire mineral properties, exploration results, prices of underlying commodities, investor sentiment and financial market conditions, it is not possible to predict if this assumption will prove to be accurate. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include the necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

COVID-19
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 have been forced to cease or limit operations for long or indefinite periods of time.

There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on our financial position and results, exploration activities, workers, partners, consultants, suppliers and on global financial markets. The Company has taken measures to contain the spread of COVID-19 and is proceeding with its exploration activities, as long as the work environment remains safe.

2. BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, of the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements for the three month period ended March 31, 2021 were approved and authorized for issue by the Company's board of directors on May 27, 2021.

Basis of Consolidation and Presentation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Pancon Resources Carolinas Corp. ("PRC") (formerly, Palmetto Mining Corporation), a United States company; and, Maya Gold Corporation S.A. de C.V., an inactive Honduras company. All significant inter-company transactions and balances have been eliminated upon consolidation.

These consolidated financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss. These consolidated financial statements are presented in Canadian dollars ("CAD"), which is the Company's and PRC's functional currency.

These condensed interim consolidated financial statements do not include all of the disclosure required in annual financial statements and should be read in conjunction with the Company's audited 2020 annual consolidated financial statements. These consolidated financial statements are not necessarily indicative of the results that may be anticipated for the entire year.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the Company's management to make certain estimates and judgements that they consider reasonable and realistic. These estimates and judgements are based on historical experience, future expectations, economic conditions and other factors. Despite regular reviews, changes in circumstances and assumptions may result in changes in these estimates and judgements, which could materially impact the reported amount of the Company's assets, liabilities, equity or earnings. By their nature, estimates and judgements are subject to measurement uncertainty and actual results could vary from estimates.

Significant estimates relate to:

- measurement of share-based payments and warrant valuation;
- measurement of shares issued to acquire mineral properties and settle debt;
- measurement of the Company's investment in Voltage Metals Inc.;
- impairment of investments;
- recognition of deferred tax assets and liabilities; and,
- establishment of provisions.

Significant judgements relate to:

- ability to continue as a going concern;
- functional currency of the Company and its subsidiary; and,
- choice of accounting policy for exploration and evaluation.

(unaudited, expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies, as described in Note 4, Significant Accounting Policies, of the Company's audited annual consolidated financial statements for the year ended December 31, 2020, have been applied consistently to all periods presented in these condensed interim consolidated financial statements, unless otherwise noted.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the exploration and development of its mineral properties and the acquisition of other mineral properties for the benefit of its shareholders.

The Company considers its capital structure to consist of shareholder equity. In order to maintain its capital structure the Company is dependent on equity funding and loans from related parties. Funding through equity instruments is comprised of common shares, warrants and incentive stock options. The Board of Directors does not establish quantitative targets on its capital criteria for management, however, it relies on management to review its capital management methods and requirements on an ongoing basis and make adjustments, accordingly, to sustain future development of the business.

There were no changes in the Company's management of its capital during the current three month period. The Company is not subject to any externally imposed capital requirements.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31 2021	December 31 2020
Suppliers	**$ 212,429**	$ 463,401
Related parties *	**25,319**	29,144
	$ 237,748	$ 492,545

* Related party payables and accrued liabilities represent amounts for unpaid fees and/or expenses that are payable to directors/officers or entities controlled by or associated with directors/officers.

(unaudited, expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized
Unlimited common shares
Unlimited preferred shares

Issued

	Number		Amount
Balance, December 31, 2019	177,697,290	$	20,088,201
Shares issued for mineral properties (i)	1,300,000		78,000
Shares issued by private placement (ii)	63,000,000		6,060,000
Shares issued as debt settlement (iii)	417,500		41,750
Shares issued on exercise of options (iv)	350,000		47,072
Value attributed to warrants (ii)	-		(2,255,831)
Share issuance costs - broker/finder warrants (ii)	-		(95,748)
Share issuance costs (ii)	-		(290,581)
Balance, December 31, 2020	242,764,790	$	23,672,863
Shares issued for mineral properties (v)	1,250,000		212,500
Shares issued on exercise of options (vi)	100,000		13,449
Shares issued on exercise of unit warrants (vii)	1,668,000		154,046
Balance, March 31, 2021	**245,782,790**	**$**	**24,052,858**

(i) On June 25, 2020, the Company issued 1,300,000 common shares at $0.06 per share in accordance with the option agreement for the Montcalm and Nova Projects (Note 10).

(ii) On March 17, 2020, the Company completed a private placement by issuing 37,500,000 units at $0.08 per unit for gross proceeds of $3,000,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.12 for a period of sixty (60) months, expiring on March 17, 2025. The fair value of the warrants was estimated at $1,487,349 using the relative fair value method. In the event the daily volume weighted average trading price is at least $0.25 per common share for a minimum of 20 consecutive trading days, as traded on the TSX Venture Exchange, the Company has the right to accelerate the expiry date of the warrants, after the expiry of the statutory trading restriction on July 17, 2020, to a date that is twenty days after notice of the accelerated expiry date.

On September 11, 2020, the Company completed a private placement by issuing 25,500,000 units at $0.12 per unit for gross proceeds of $3,060,000. Each unit was comprised of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of $0.18 for a period of twenty-four (24) months, expiring on September 11, 2022. The fair value of the unit warrants was estimated at $768,482 using the relative fair value method. In the event the daily volume weighted average trading price is at least $0.30 per common share for a minimum of 20 consecutive trading days, as traded on the TSX Venture Exchange, the Company has the right to accelerate the expiry date of the warrants, after the expiry of the statutory trading restriction on January 11, 2021, to a date that is twenty days after notice of the accelerated expiry date. In addition, the Company issued 1,254,050 broker and finder warrants, whereby each broker and finder warrant entitles the holder to acquire one common share at a price of $0.12 for a period of twenty-four (24) months. The value of the broker and finder warrants was estimated at $95,748 using the Black-Scholes option pricing model.

(unaudited, expressed in Canadian dollars)

SHARE CAPITAL (continued)

(iii) On October 9, 2020, the Company issued 417,500 common shares at $0.10 per share to a Company officer in settlement of management fees of $32,750.

(iv) During the year ended December 31, 2020, the Company issued 350,000 common shares in connection to the exercise of 350,000 stock options for proceeds of $24,500. The fair value of these options was $22,572, which was transferred from contributed surplus to share capital.

(v) On March, 29, 2021, the Company issued 1,250,000 common shares at $0.17 per share in accordance with the option agreement for the St. Laurent Project (Note 10).

(vi) During the three month period ended March 31, 2021, the Company issued 100,000 common shares in connection to the exercise of 100,000 stock options for proceeds of $7,000. The fair value of these options was $6,449, which was transferred from contributed surplus to share capital.

(vii) During the three month period ended March 31, 2021, the Company issued 1,668,000 common shares in connection to the exercise of 1,668,000 unit warrants for proceeds of $116,760. The fair value of these warrants was $37,286. The fair value of these warrants was transferred from the warrant reserve account.

Stock Options
Under the terms of the Company's stock option plan ("Plan"), the Company is authorized to issue up to a maximum of 10% of the issued common shares with an exercise period that is not to exceed ten years. The term, exercise price and vesting conditions of the options are fixed by the Board of Directors at the time of grant.

Stock option transactions and the number of stock options outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2019	15,350,000	$0.10
Granted (i)	7,950,000	0.12
Exercised	(350,000)	0.07
Expired	(725,000)	0.06
Balance, December 31, 2020	22,225,000	$0.11
Exercised	(100,000)	0.07
Balance, March 31, 2021	**22,125,000**	**$0.11**

(i) On January 22, 2020, the Company granted 2,400,000 stock options to a director/officer and consultants. These options vested immediately and were issued with an exercise price of $0.05 and have a five year term, expiring on January 22, 2025.

On August 10, 2020, the Company granted 3,950,000 stock options to directors, officers and consultants and 100,000 options to an investor relations consultant. All of these options were issued with an exercise price of $0.14

(unaudited, expressed in Canadian dollars)

SHARE CAPITAL (continued)

and have a five year term, expiring on August 10, 2025. All of the option vested immediately with the exception of the investor relations consultant options, which vest in instalments of 25,000 options every three months.

On October 25, 2020, the Company granted 1,500,000 stock options to consultants. All of these options were issued with an exercise price of $0.20 and have a five year term, expiring on October 25, 2025. The options vest as follows: (i) 375,000 options on date of grant; and, (ii) 1,125,000 option, which vest in three instalments of 375,000 options every six months from the date of grant.

Fair value of the options issued were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2020
Dividend yield	Nil
Expected volatility (based on historical prices)	226%
Risk-free rate of return	0.68%
Expected life	5 Years
Share price	$0.09

Share-based payment expense recognized in 2021 was $35,330 (2020 - $109,157). The offsetting credit was charged to contributed surplus.

The consultants' options were measured using the Black-Scholes option pricing model due to the absence of a reliable measurement of the services granted.

The following summarizes information on the outstanding stock options:

Expiry Date	Number	Exercise price	Exercisable	Average remaining contractual life (years)
September 21, 2021	4,300,000	$0.12	4,300,000	0.47
November 1, 2021	800,000	0.12	800,000	0.59
March 16, 2022	400,000	0.12	400,000	0.96
January 10, 2023	1,200,000	0.05	1,200,000	1.78
May 1, 2023	2,100,000	0.07	2,100,000	2.08
July 3, 2023	100,000	0.08	100,000	2.25
October 1, 2023	50,000	0.06	50,000	2.50
January 18, 2024	1,100,000	0.08	1,100,000	2.80
July 2, 2024	250,000	0.08	250,000	3.25
August 30, 2024	4,500,000	0.10	4,500,000	3.42
January 22, 2025	1,800,000	0.05	1,800,000	3.81
August 10, 2025	4,025,000	0.14	3,975,000	4.36
October 25, 2025	1,500,000	0.20	375,000	4.57
	22,125,000	$0.11	20,950,000	2.72

(unaudited, expressed in Canadian dollars)

8. WARRANTS

Warrant transactions and number of warrants outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2019	24,791,218	$0.09
Issued	51,504,050	0.13
Expired	(11,293,218)	0.12
Balance, December 31, 2020	65,002,050	$0.12
Exercised	(1,668,000)	0.07
Balance, March 31, 2021	**63,334,050**	**$0.12**

Relative fair value of the warrants were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2020
Dividend yield	Nil
Expected volatility (based on historical prices)	213%
Risk-free rate of return	0.65%
Expected life	4 Years
Share price	$0.055

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Weighted average remaining life (years)	Relative fair value
September 11, 2022	1,254,050	$0.12	1.44	$ 95,748
September 11, 2022	12,750,000	0.18	1.44	768,482
September 16, 2022	11,830,000	0.07	1.46	268,190
March 17, 2025	37,500,000	0.12	3.96	1,487,349
	63,334,050	$0.12	2.94	$ 2,619,769

(unaudited, expressed in Canadian dollars)

9. CORPORATE AND ADMINISTRATIVE

	Three months ended March 31 **2021**	2020
Consulting	$ **30,615**	$ 23,053
Filing and transfer agent fees	**9,963**	4,704
Insurance	**6,262**	4,705
Management fees (note 12)	**60,480**	62,850
Office and general	**8,801**	5,003
Professional fees	**4,490**	8,391
Shareholder relations and promotion	**102,490**	60,104
Travel	**376**	4,174
	$ **223,477**	$ 172,984

10. EXPLORATION AND EVALUATION

	Three months ended March 31 **2021**	2020
Acquisition costs	$ **322,500**	$ -
Property costs	**24,687**	27,110
Assaying	**112,975**	-
Consulting/Contracting	**135,581**	69,129
Drilling	**204,706**	-
Environmental	**56,970**	-
Equipment and supplies	**49,234**	60
Professional fees	**-**	5,831
Reports	**3,146**	-
Site costs	**26,256**	2,454
Travel/Transportation	**11,273**	4,143
	$ **947,328**	$ 108,727

Brewer Gold Project – South Carolina, United States

The Brewer Gold Project is located in Chesterfield County, South Carolina, United States and encompasses approximately 1,000 acres**.** In January, 2020, the Company in co-operation with Environmental Risk Transfer LLC (ERT), a company providing environmental risk transfer solutions to mitigate environmental liabilities, was awarded the right by the Brewer Gold Receiver LLC (the "Receiver"), the South Carolina Department of Health and Environmental Control ("SC DHEC") and the U.S. Environmental Protection Agency ("US EPA"), to explore the former Brewer Gold Mine property ("Brewer"), a Superfund site.

On March 1, 2020, the Company and the Receiver executed an exclusive mining lease with the option for the Company to purchase Brewer (the "Option Agreement"). Provided the Company spends US $2 million to conduct exploration and environmental due diligence during the Option Agreement's initial twenty-four month term, which begins on April 1, 2020, the Company can then extend the term of the option for an additional eighteen months. The Company can exercise its option to purchase Brewer at any time during the option term. During the option term the Company retained

(unaudited, expressed in Canadian dollars)

EXPLORATION AND EVALUATION (continued)

ERT to implement the environmental due diligence required to determine the Superfund liability at Brewer at a cost of US $250,000, of which US $180,000 has been paid as at March 31, 2021.

The purchase price for Brewer is comprised of the following two components:

(i) the cost of environmental remediation and financial assurance for assuming ownership of all past environmental liability at Brewer, which will be an amount based on ERT's environmental due diligence during the option term; and,

(ii) half of the total past costs incurred by the SC DHEC and the US EPA to clean and manage Brewer since 2000, which costs are to be paid from future mining operations in ten equal annual installments subject to a profit formula to be determined by the parties.

	Three months ended March 31	
Brewer	**2021**	2020
Property costs	**$ 1,899**	$ -
Assaying	**112,975**	-
Consulting/Contracting	**135,581**	68,129
Drilling	**204,706**	-
Environmental	**56,970**	-
Equipment and supplies	**49,234**	60
Professional fees	**-**	5,831
Reports	**3,146**	-
Site costs	**25,998**	276
Travel/Transportation	**11,273**	4,143
	$ 601,782	$ 78,439

Jefferson Gold Project – South Carolina, United States
The Jefferson Gold Project is located in Chesterfield County, South Carolina, United States and nearly completely surrounds the former Brewer Gold Mine. As at March 31, 2021, Jefferson consisted of thirteen exploration-stage gold prospective property leases owned by private landowners, encompassing approximately 1,540 acres.

The Company has the right to acquire a 100% interest in ten of these property leases and also holds a right of first refusal to acquire a 100% interest in two leases. The leases range in expiration from 2021 to 2031, of which two leases representing approximately 56 acres are up for renewal in 2021. In addition, the Company reserves the right to relinquish twelve of the leases at any time. Five of the leases include a production royalty ranging from 1.5% to 3.5%, which is payable to the landowner that owns the property from which minerals are produced.

Subsequent to March 31, 2021, the Company modified a lease and acquired two additional leases, which increased the Jefferson Project area to approximately 1,585 acres and the total annual 2021 lease payments to $184,455 (2020 - $182,605). The Company has the right to acquire a 100% interest in the two new leases.

(unaudited, expressed in Canadian dollars)

EXPLORATION AND EVALUATION (continued)

	Three months ended March 31	
Jefferson	**2021**	2020
Property costs	**$ 22,788**	$ 24,210
Site costs	**(42)**	1,878
	$ 22,746	$ 26,088

St. Laurent Project – Ontario, Canada

St. Laurent is an exploration-stage nickel-copper-cobalt-gold-platinum-palladium project and is located in St. Laurent township, approximately 160 kilometres northeast of Timmins, Ontario and encompasses an area of approximately 4,400 hectares.

<u>Option Agreement</u>

On March 25, 2019, the Company entered into an option agreement with 2681891 Ontario Inc. (the "Optionor"), pursuant to which the Company obtained the right (the "Option") to acquire a 100% interest in the St. Laurent property. In March 2021, the Company completed its payment obligations and exercised the Option pursuant to the Company's purchase agreement with Voltage Metals Inc. (Note 11). To exercise the Option, the Company:

(i) Paid the Optionor an aggregate of $145,000 as follows:
- $15,000 on or before April 17, 2019 (paid);
- $20,000 on or before April 17, 2020 (paid*);
- $50,000 on or before April 17, 2021 (paid in March 2021);
- $60,000 on or before April 17, 2022 (paid in March 2021).

(ii) Issued to the Optionor an aggregate of 1,850,000 common shares of the Company as follows:
- 250,000 common shares within 5 days of April 17, 2019 (issued);
- 350,000 common shares on or before April 17, 2020 (completed *);
- 500,000 common shares on or before April 17, 2021 (issued on March 29, 2021);
- 750,000 common shares on or before April 17, 2022 (issued on March 29, 2021).

∗ In April 2020, a Company director provided the cash and shares for the Company to satisfy the required payments that were due by April 17, 2020.

A net smelter return royalty of 2.5% (the "NSR") is payable to the Optionor from all minerals sold from the St. Laurent Project. The Company reserves the right to purchase 1% of the NSR (such that the Optionor's NSR is reduced to 1.5%) for $1,000,000.

(unaudited, expressed in Canadian dollars)

EXPLORATION AND EVALUATION (continued)

St. Laurent	Three months ended March 31 **2021**	2020
Acquisition costs	**$ 322,500**	$ -
Property costs	**-**	2,400
Consulting/Contracting	**-**	1,000
Site costs	**300**	300
	$ 322,800	$ 3,700

Montcalm and Nova Projects – Ontario, Canada

Montcalm and Nova are exploration-stage nickel-copper-cobalt projects located within the Porcupine Mining Division, approximately 65 kilometres northwest of Timmins, Ontario, Canada. Montcalm encompasses an area of approximately 3,880 hectares and Nova encompasses an area of approximately 840 hectares. The Montcalm and Nova properties were subject to an option agreement as described below.

Option Agreement

On January 5, 2018, the Company entered into an option agreement (the "Option Agreement"), as amended on February 20, 2018, February 28, 2020 and on June 22, 2020, with 2522962 Ontario Inc., which was subsequently acquired by Pelangio Exploration Inc. (the "Optionor"). The Option Agreement provided the Company with the right (the "Option") to acquire a 100% interest in the Montcalm and Nova properties. On June 22, 2020, the Option Agreement was amended, whereby the Company agreed to issue: a total of 700,000 common shares in lieu of the Company making the remaining two annual cash payments of $35,000 each or $70,000 in the aggregate; and, issue a total of 600,000 common shares to complete the remaining two annual 300,000 share instalments. On June 25, 2020, the Company issued 1,300,000 common shares in satisfaction of all remaining payments and exercised its option to acquire a 100% interest in the Montcalm and Nova properties. The total Option payments made by the Company during the term of the Option Agreement consisted of:

(i) Cash payments totalling $70,000 (originally $140,000, of which $35,000 was paid in each of 2018 and 2019); and,

(ii) An aggregate of 1,900,000 (originally 1,200,000) common shares of the Company, issued as follows:
- 300,000 common shares on February 28, 2018;
- 300,000 common shares on April 1, 2019;
- 700,000 common shares on June 25, 2020, in lieu of the remaining two annual cash payments of $35,000 each. The cash payments were due on June 28, 2020 and on February 28, 2021, respectively; and,
- 600,000 common shares on June 25, 2020, representing the remaining two 300,000 common share instalments, previously due on June 28, 2020 and on February 28, 2021, respectively.

A net smelter return royalty of 2.5% (the "NSR") is payable to the Optionor from all minerals sold from the Montcalm and Nova properties. The Company reserves the right to purchase 1% of the NSR (such that the Optionor's NSR is reduced to 1.5%) for $1,000,000.

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(unaudited, expressed in Canadian dollars)

EXPLORATION AND EVALUATION (continued)

Gambler Project – Ontario, Canada
Gambler is an exploration-stage nickel-copper-cobalt project located within the Porcupine Mining Division, approximately 65 kilometres northwest of Timmins, Ontario, Canada. Gambler is adjacent to the Montcalm Project and encompasses an area of approximately 7,460 hectares. The Gambler property was staked by the Company in 2018.

		Three months ended March 31		
Gambler		**2021**		2020
Property costs	**$**	**-**	$	500

First Nations – Montcalm, Nova and Gambler Projects
On October 1, 2018, the Company entered into a Memorandum of Understanding ("MOU") with the Flying Post First Nation ("FPFN") that provides a framework for co-operation between the Company and FPFN with respect to aboriginal and treaty rights at the Company's Montcalm, Nova and Gambler Projects. The MOU establishes the prioritization of business, employment and training opportunities for FPFN members. The Company is to compensate FPFN for the impact of all on-the-ground exploration work by paying FPFN 2% of such costs, beginning from the date of the MOU.

11. SALE OF EXPLORATION AND EVALUATION PROPERTIES – ONTARIO, CANADA

On June 20, 2020, the Company entered into an agreement (the "Purchase Agreement") with Voltage Metals Inc., formerly, Tempus Resources Inc. ("Voltage"), a private company, pursuant to which Voltage obtained the right ("Option") to acquire up to a 100% interest in the Company's four mineral projects, St. Laurent, Montcalm, Nova and Gambler (the "Projects"), located in Ontario, Canada. On March 1, 2021, the Purchase Agreement was amended, whereby the remaining $800,000 of the requisite $1 million cash payment was spread over three quarterly instalments, beginning March 31, 2021; and, the $2 million exploration expenditure stage was eliminated and exchanged for 1,000,000 common shares of Voltage.

For Voltage to acquire a 100% interest in the Projects and exercise the Option, Voltage shall:

(i) Pay an aggregate of $1,000,000 (non-refundable), as follows:
- $100,000 non-refundable deposit on signing (paid *);
- $100,000 by September 22, 2020 (paid);
- $300,000 by March 31, 2021 (paid);
- $300,000 by September 30, 2021; and,
- $200,000 by December 31, 2021.

* In April 2020, a Company director provided the cash and shares for the Company to satisfy the April 17, 2020 payment requirements for the St. Laurent Project (Note 10). The Company director retained the right to recover up to an aggregate of $50,000 from any party or parties that purchased or joint ventured any or all of the Projects. The Company was not liable for the repayment of the cash or shares to the Company director. The Director recovered $50,000 from the initial $100,000 non-refundable deposit paid by Voltage.

(ii) Issue 1,000,000 common shares (non-refundable) in the share capital of Voltage to the Company, as follows:
- 500,000 common shares by March 31, 2021 (issued - subject to a trading restriction of four months following a liquidity event**); and,

(unaudited, expressed in Canadian dollars)

SALE OF EXPLORATION AND EVALUATION PROPERTIES –ONTARIO, CANADA (continued)

- 500,000 common shares by March 31, 2021 (issued - subject to a trading restriction of eight months following a liquidity event**).

** Liquidity event occurs upon: (i) Voltage completing a public offering and being listed for trading on a recognized stock exchange; or (ii) Voltage's common shares being exchanged for the securities of another issuer and being listed on a recognized stock exchange; or (iii) the acquisition of all or substantially all of Voltage's common shares for cash consideration.

Up until the expected closing of December 31, 2021, the Company has granted Voltage the right to commence exploration activities at any of these four projects, with Voltage assuming all responsibility of ensuring that its exploration activities are conducted in accordance with all relevant laws, regulations and First Nation agreements.

As a result of Voltage having made the payments due by March 31, 2021, the Company completed its payment obligations pursuant to the St. Laurent option agreement and exercised its option to acquire the St. Laurent project (Note 10).

The Voltage common shares are considered to be a Level 3 financial instrument (fair values that are not based on observable data) and as a result the Company has elected to defer placing a value on its investment in Voltage until such time that fair values can be appropriately measured.

The Company's accounting policy for this form of investment requires management to use valuation techniques in measuring the fair value of private company investments, where active market quotes are not available. In applying the valuation technique, management makes use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the investment. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

12. RELATED PARTY TRANSACTIONS AND BALANCES

A summary of the compensation of key management (directors/officers) of the Company is included in the table below. Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company.

	Three months ended March 31	
	2021	2020
Management fees (i)	**$ 60,480**	$ 62,850
Share-based payments (ii)	**-**	66,955
	$ 60,480	$ 129,805

(i) Management fees were paid or became payable to a Company officer and to a company associated with a Company officer.

(ii) Share-based payments represents the fair value of stock options granted to Company directors and officers.

RELATED PARTY TRANSACTIONS AND BALANCES (continued)

In addition, the Company had the following related party transaction:

Loans from related parties balance of $103,000 (December 31, 2020 - $103,000) consist of cash loans provided by Company directors/officers. These loans are non-interest bearing, unsecured and due on demand.

13. GROSS OVERRIDING ROYALTY

On February 8, 2007, the Company formed a joint venture (the "Joint Venture") with Enova Mining Limited, formerly, Crossland Strategic Metals Limited, ("Enova") and subsequently earned a 50% interest in a number of Australian properties prospective for rare earth elements ("REE") and uranium. On November 26, 2015 (the "Effective Date") the Company completed the sale of its entire interest in the Joint Venture to Essential Mining Resources Pty Ltd. ("EMR") and retained a gross overriding royalty ("GOR") of one percent (1%) on sales of production from 100% of the Joint Venture properties ("JV Properties"). During 2017, EMR merged with Enova.

On each anniversary of the Effective Date, Enova is to pay the Company an advance royalty of AUD $3,900 based on the JV Properties retained and their size. The advance royalty payments: are non-refundable; and, are to be deducted from the 1% GOR payable to the Company upon the JV Properties being placed into production.

14. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding for the period. For the purposes of calculating the basic and diluted loss per share the effect of the potentially dilutive options and warrants were not included in the calculation as the result would be anti-dilutive.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value
The carrying value of cash, accounts payable and accrued liabilities and loans from related parties approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arms-length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

IFRS 7 establishes a fair value hierarchy that prioritizes the valuation techniques for each financial instrument measured at fair value. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

The methods and assumptions used to develop fair value measurements are: Level 1 - includes quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - includes inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly (i.e. as process) or indirectly (i.e. derived from process); and, Level 3 - includes inputs that are not based on observable data.

Risk Management
The primary objectives of the Company's financial risk management procedures are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's financial position, from events that have the potential to materially impair its financial strength. These activities include the preservation of its capital by minimizing risk related to its cash.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company does not trade financial instruments for speculative purposes and does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash. The Company mitigates the risk to its cash by depositing a majority of its cash with Canadian and United States banks.

Currency Risk
The Company operates in Canada and the United States, thus exposing the Company to market risks from fluctuations in foreign exchange rates. The Company has certain corporate and administrative expenditures, exploration and evaluation expenditures and future potential financial commitments (Note 10) denominated in United States dollars. The Company monitors foreign exchange rates and has not entered into any financial arrangements to hedge or protect the Company from unfavourable changes in foreign exchange rates. As at March 31, 2021, a 10% change in the United States dollar (USD) would impact the Company's loss by approximately $101,000.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates The Company's excess cash is invested in financial instruments that provide safety and flexibility for early redemption. The Company's excess cash is subject to interest rate risk resulting from fluctuations in prime rates.

Liquidity Risk
Liquidity risk management requires maintaining sufficient cash, liquid investments or credit facilities to meet the Company's operating expenditures and commitments, as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 5. The Company does not have any income from operations or a regular source of income and is highly dependent on its working capital and equity funding to support its exploration and corporate activities. There can be no assurance that the Company will be successful in its fund raising activities.

Accounts payable and accrued liabilities are generally due within 30 days and loans from related parties are due on demand. As at March 31, 2021, the Company had cash of $3,017,781 to settle current liabilities of $340,748. The Company may need to raise additional capital to fund expanded 2021 exploration activities.

16. SUBSEQUENT EVENTS

(a) Subsequent to March 31, 2021, the Company received proceeds of $3,500 from the exercise of 50,000 stock options.

(b) During April, 2021, the Company retained the services of Red Cloud Financial Services Inc. to provide marketing services for a fee of $10,000 per month. The initial term of the agreement is for twelve months, beginning May 1, 2021.