KLONDIKE SILVER

Our Vision: Silver/Zinc/Lead Production

TSX-V: KS   FSE: K1SN

Financial Statements

For the Nine Months Ended February 28, 2021

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE

No auditor review of these
Unaudited Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Klondike Silver Corp. (“the Company”), for the nine months ended February 28, 2021, have been prepared by management and have not been the subject of a review by the Company’s external independent auditors.

KLONDIKE SILVER CORP.

STATEMENTS OF FINANCIAL POSITION
(Expressed In Canadian Dollars)

	February 28, 2021	May 31, 2020
ASSETS		
Current		
Cash	**$ 2,603,620**	$ 2,016
Receivables	**21,948**	7,368
Prepaid expenses	**163,291**	2,696
Total Current Assets	**2,788,859**	12,080
Reclamation Bonds (Note 5)	**270,500**	195,500
Mill And Equipment (Note 6)	**431,255**	271,542
Exploration And Evaluation Assets (Note 7)	**13,409,514**	13,073,109
Total Assets	**$ 16,900,128**	$ 13,552,231
LIABILITIES		
Current		
Accounts payable	**$ 58,075**	$ 222,854
Accrued liabilities (Note 8)	**106,000**	201,375
Due to related parties (Note 10)	**1,729**	20,531
Loans (Note 12)	**-**	127,693
Mortgage payable (Note 14)	**145,000**	145,000
Total Current Liabilities	**310,804**	717,453
Convertible Debenture (Notes 10 and 11)	**811,055**	1,306,855
CEBA Loan (Notes 13 and 18)	**40,000**	40,000
Restoration Provision (Note 9)	**364,941**	351,750
Total Liabilities	**1,526,800**	2,416,058
EQUITY		
Share Capital (Note 15)	**38,483,690**	34,435,335
Subscriptions (Note18)	**1,120,600**	-
Reserves	**5,077,948**	3,883,853
Equity portion of convertible debenture (Note 11)	**567,840**	567,840
Deficit	**(29,876,750)**	(27,750,855)
Total Equity	**15,373,328**	11,136,173
Total Liabilities And Equity	**$ 16,900,128**	$ 13,552,231

Nature of Operations and Going Concern (Note 1)

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

KLONDIKE SILVER CORP.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed In Canadian Dollars)

	Three months ended		Nine months ended	
	February 28, 2021	February 29, 2020	**February 28, 2021**	February 29, 2020
Expenses				
Accretion	**$ 28,518**	$ 4,187	**$ 84,564**	$ 12,563
Amortization	**450**	972	**1,227**	2,916
Compensation and consulting (Note 10)	**89,324**	75,643	**288,809**	228,188
Interest and bank charges	**43,203**	43,221	**144,773**	107,366
Investor relations and promotion	**4,331**	5,995	**14,987**	13,520
Office, rent and miscellaneous (Note 10)	**36,057**	33,389	**84,757**	84,721
Professional fees (Note 10)	**-**	41,784	**20,238**	81,151
Regulatory and stock transfer fees	**24,328**	20,780	**53,792**	28,220
Share based compensation	**1,392,000**	-	**1,392,000**	21,025
Utilities and communication	**18,373**	10,944	**40,748**	31,282
Loss Before Other Income (Expenses)	**(1,636,584)**	(236,915)	**(2,125,895)**	**(610,952)**
Other Income (Expenses)				
Change in restoration provision	**-**	-	**-**	**(228,685)**
Net Loss And Comprehensive Loss For The Period	**$ (1,636,584)**	$ (236,915)	**$ (2,125,895)**	**$ (839,637)**
Loss Per Share – Basic and diluted	**$ (0.01)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Weighted Average Number Of Shares Basic and diluted	**226,675,102**	156,916,893	**194,400,097**	**156,916,893**

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

KLONDIKE SILVER CORP.

STATEMENTS OF CHANGES IN EQUITY
(Expressed In Canadian Dollars)

	SHARE CAPITAL						
	NUMBER	AMOUNT	SUBSCRIPTIONS	RESERVES	EQUITY PORTION OF CONVERTIBLE DEBENTURE	DEFICIT	TOTAL
Balance, May 31, 2019	156,916,893	$ 34,375,335	$ -	$ 3,847,828	$ -	$ (26,654,465)	$ 11,568,698
Share based compensation	-	-	-	21,025	-	-	21,025
Share subscriptions	-	-	50,000				50,000
Comprehensive loss for the period	-	-	-	-	-	(839,637)	(839,637)
Balance, February 29, 2020	156,916,893	$ 34,375,335	$ 50,000	$ 3,868,853	$ -	$ (27,494,102)	$ 10,800,086
Balance, May 31, 2020	**158,734,035**	**$ 34,435,335**	**$ -**	**$ 3,883,853**	**$ 567,840**	**$ (27,750,855)**	**$ 11,136,173**
Issue of shares for private placement	**28,680,000**	**1,434,000**	**-**	**-**	**-**	**-**	**1,434,000**
Share issue costs - cash	**-**	**(78,000)**	**-**	**-**	**-**	**-**	**(78,000)**
Share subscriptions	**-**	**-**	**1,120,600**				**1,120,600**
Issue of shares for warrant exercise	**30,560,000**	**1,580,825**	**-**	**(5,825)**	**-**	**-**	**1,575,000**
Issue of shares for option exercise	**4,170,000**	**411,530**	**-**	**(192,080)**	**-**	**-**	**219,450**
Issue of shares on convertible debenture	**14,000,000**	**700,000**	**-**	**-**	**-**	**-**	**700,000**
Share based compensation	**-**	**-**	**-**	**1,392,000**	**-**	**-**	**1,392,000**
Comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(2,125,895)**	**(2,125,895)**
Balance, February 28, 2021	**236,144,035**	**$ 38,483,690**	**$ 1,120,600**	**$ 5,077,948**	**$ 567,840**	**$ (29,876,750)**	**$ 15,373,328**

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

KLONDIKE SILVER CORP.

STATEMENTS OF CASH FLOWS
(Expressed In Canadian Dollars)

	Nine Months Ended	
	February 28, 2021	February 29, 2020
Operating Activities		
Net loss for the period	**$ (2,125,895)**	$ (839,637)
Non-cash items:		
Accretion and amortization	**85,792**	15,479
Accrued interest	**132,827**	-
Share based payments	**1,392,000**	21,025
Changes in non-cash operating assets and liabilities:		
Receivables	**(14,580)**	410
Prepaid expenses	**(160,595)**	(20,275)
Accounts payable and accrued liabilities	**(334,879)**	(53,143)
Cash Used In Operating Activities	**(1,025,330)**	246,728
Investing Activities		
Equipment	**(185,269)**	-
Exploration and evaluation assets, net of BCMETC	**(237,352)**	(556,399)
Reclamation bonds	**(75,000)**	-
Restoration provision	**-**	228,685
Cash Used In Investing Activities	**(497,621)**	(327,714)
Financing Activities		
Private placements	**1,356,000**	-
Share Subscriptions	**1,120,600**	50,000
Warrant exercise	**1,575,000**	-
Option exercise	**219,450**	-
(Repayments to) related parties	**(18,802)**	1,122,869
Loans	**(127,693)**	-
Cash Provided By Financing Activities	**4,124,555**	1,172,869
Increase (Decrease) In Cash During The Period	**2,601,604**	(30,986)
Cash – Beginning Of Period	**2,016**	34,769
Cash – End Of Period	**$ 2,603,620**	$ 3,783

Supplementary Cash Flow Information:		
Cash Paid During The Period For:		
Interest	**$ 10,821**	$ 10,821
Non-cash Financing And Investing Activities:		
Exploration and evaluation costs included in accounts payable	**$ 1,200**	$ 43,958
Amortization capitalized to exploration and evaluation assets	**$ 24,328**	$ 18,732

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Klondike Silver Corp. (the "Company") was incorporated on March 2, 2005 under the laws of the Province of British Columbia, Canada. The Company is a public company listed on the TSX Venture Exchange (the "TSX.V"), trading under the "KS" symbol. The address of the Company's corporate records office and principal place of business is Suite 804 – 750 West Pender Street, Vancouver, British Columbia V6C 2T7. The principal business of the Company is the exploration of mineral properties in Canada and it is considered to be an exploration company.

The Company incurred a net loss and comprehensive loss of $2,125,895 for the nine months ended February 28, 2021 (February 29, 2020 - $839,637) and had a working capital (deficiency) at February 28, 2021 of $2,478,055 (May 31, 2020 - $(705,373)) and a deficit of $29,876,750 (May 31, 2020 - $27,750,855). These statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

The Company is in the process of acquiring, exploring and developing its exploration and evaluation assets and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. The operations of the Company have primarily been funded by the issuance of common shares and ancillary income. Continued operation of the Company is dependent on the Company's ability to complete equity financing or generate profitable operations in the future. Management's plan in this regard is to secure additional funds through future equity financings, which may not be available or may not be available on reasonable terms. These factors may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in the financial statements.

Since December 31, 2019, the outbreak of the novel strain of corona virus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced customer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments on the operations of the business.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PRESENTATION (Continued)

a) Statement of Compliance (Continued)

Approval of the financial statements
These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 22, 2021.

b) Basis of Measurement and Presentation

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. In the opinion of management, all adjustments (including normal recurring accruals), considered necessary for a fair presentation have been included.

c) Foreign Currencies

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

d) Critical Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates, which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate occurs and may affect both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

Critical Judgments

- Management is required to assess indications of impairment on its exploration and evaluation assets in accordance with IFRS 6 as described in the Company's significant accounting policies.

- Management assesses the possibility and amount of any impairment loss or write-down as it relates to mill and equipment.

2. BASIS OF PRESENTATION (Continued)

d) Critical Accounting Judgments and Estimates (Continued)

Critical Judgments (Continued)

- The Company considerers whether the realization of deferred tax assets is probable in determining whether or not to recognize deferred tax assets.

Estimates

The preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from management's best estimates, as additional information becomes available. The most sensitive estimates affecting the financial statements were the identification and capitalization of exploration costs, the existence of contingent assets and liabilities, the valuation of share-based compensation and the valuation of deferred income tax assets.

Areas where estimates are significant to the financial statements were as follows:

- the useful lives of mill and equipment which are included in the statements of financial position and the related amortization included in the statement of operations and comprehensive loss;
- the inputs used in determining the net present value of the liability for decommissioning liabilities included in the statement of financial position;
- the inputs used in accounting for stock based compensation expense in the statement of operations and comprehensive loss;
- the determination of income taxes and the valuation of deferred income tax assets;
- the amount of the constructive obligation; and
- the determination of the equity portion on the convertible debenture.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Financial Instruments and Risk Management

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of June 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any of the financial assets or financial liabilities on the transition date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments and Risk Management (Continued)

The new accounting policy for financial instruments under IFRS 9 was adopted on June 1, 2018.

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or if the Company has opted to measure them at FVTPL. The Company completed a detailed assessment of its financial assets and liabilities as at June 1, 2018

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	FVTPL	FVTPL
Reclamation bonds	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost
Mortgage Payable	Amortized cost	Amortized cost

ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of operations in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments and Risk Management (Continued)

iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of operations.

Financial instruments are exposed to credit, liquidity and market risks. 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 an obligation. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

Liquidity risk is significant to the Company’s statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company’s ability to raise share capital is indirectly related to changing metal prices and the price of gold, silver, zinc and lead in particular. To mitigate this market risk, management of the Company actively pursues a diversification strategy with property holdings focusing on base metals as well as precious metals.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of balances with banks, guaranteed investment certificates which are redeemable without penalty and investments in financial instruments with maturities within three months held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. The Company places its cash and cash equivalents with institutions of high-credit worthiness. As at February 28, 2021 and May 31, 2020, the Company only held cash.

c) Mill and Equipment

The mill comprises a used ore processing plant, used buildings and related equipment stated at cost less accumulated amortization. Amortization on the mill and equipment is provided on the straight line method over their estimated useful lives ranging from three to twenty years.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activities and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss. Ancillary income received while the properties are in the exploration stage is credited to the carrying value of the mineral properties. Cost recoveries are credited against specific property costs, as received.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Facts and circumstances relating to impairment as defined in *IFRS 6 exploration and evaluation assets* are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Exploration and Evaluation Assets (Continued)

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

e) Impairment of Non-financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financials assets, including the mill, equipment and exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the assets is written down accordingly.

Where it is possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is recognized in the statement of operations, except to the extent they reverse gains previously recognized in other comprehensive income or loss.

f) Decommissioning Liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

g) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to the passage of time is recognized as accretion expense.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Share Capital

i) Non-monetary consideration

Agent's warrants issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as consideration for exploration and evaluation assets is based on the trading price of those shares on the TSX.V on the date of the agreement to issue shares as determined by the Board of Directors. Proceeds from unit placements are allocated between shares and warrants issued using the residual method.

ii) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-Back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

iii) Share-based payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Share Capital (Continued)

iv) Share issuance costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

a) Loss Per Share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Basic and diluted loss per share is equal as outstanding stock options and warrants were all anti-dilutive.

b) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current fiscal year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each fiscal year the Company reassesses unrecognized deferred tax assets. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Convertible Debenture

The Company classifies convertible debentures into debt and equity components based on the residual method. The liability component is calculated at the present value of the principal and interest, discounted at the estimated interest rate applicable to the non-convertible debenture at the time the debenture was issued. This portion of the convertible debenture is accreted over its term to the full principle value using the effective interest rate method. The equity element of the convertible debenture comprises the value of the conversion option, being the difference between the face value of the convertible debt and the liability component. Upon maturity, the equity component is reclassified to reserves.

k) Recently adopted accounting pronouncements

New standard IFRS 9, *Financial Instruments – Classification and Measurement*
IFRS 9 is the first step in the process to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39.

4. NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS

IFRS 16 Leases

Effective for annual periods beginning on January 1, 2019

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The adoption of this standard did not have a material impact on the Company's financial statements.

5. RECLAMATION BONDS

The reclamation bonds at February 28, 2021 of $270,500 (May 31, 2020 - $195,500) are recorded at fair value and consist of deposits made by the Company for indemnification of site restoration costs for the Silvana Mine, Sandon Mill and exploration sites located in BC. Reclamation bonds in the amount of $100,000 are held in trust for the Company by a company controlled by a former common director.

In connection with the Company's M-65 permit, the Company increased its reclamation by $75,000 in September 2020.

(Expressed in Canadian Dollars)

6. MILL AND EQUIPMENT

	Costs			
	Mill	**Equipment***	**Land**	**Total**
Balance May 31, 2019	$ 314,800	$ 1,387,767	$ 62,773	$ 1,765,340
Additions, net of disposals	-	-	-	-
Balance May 31, 2020	$ 314,800	$ 1,387,767	$ 62,773	$ 1,765,340
Additions, net of disposals	-	185,268	-	185,268
Balance February 28, 2021	**$ 314,800**	**$ 1,573,035**	**$ 62,773**	**$ 1,950,608**

	Accumulated Amortization			
	Mill	**Equipment**	**Land**	**Total**
Balance May 31, 2019	$ 314,800	$ 1,151,910	$ -	$ 1,466,710
Additions, net of disposals **	-	27,088	-	27,088
Balance May 31, 2020	$ 314,800	$ 1,178,998	$ -	$ 1,493,798
Additions, net of disposals **	-	25,555	-	25,555
Balance February 28, 2021	**$ 314,800**	**$ 1,204,553**	**$ -**	**$ 1,519,353**

	Net Carrying Amount			
	Mill	**Equipment**	**Land**	**Total**
Balance May 31, 2019	$ -	$ 235,857	$ 62,773	$ 298,630
Balance May 31, 2020	$ -	$ 208,769	$ 62,773	$ 271,542
Balance February 28, 2021	**$ -**	**$ 368,482**	**$ 62,773**	**$ 431,255**

*The Company's Rosebery building and land, which had net book values as at February 28, 2021 of $69,744 and $62,773 (May 31, 2020: $77,494 and $62,773) respectively, are encumbered by a first mortgage. (Note 14)

**The Company capitalizes its mill and related equipment amortization to Exploration & Evaluation Assets (Note 7)

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

For the year ended May 31, 2020:

	Slocan and Sandon BC	**Horwood ON**	**Total**
Acquisition Costs	$ 691,278	$ 1,000	$ 692,278
Exploration Costs			
Opening balance-exploration	11,526,072	-	11,526,072
Amortization	24,184	-	24,184
Drifting and drilling	510,534	-	510,534
Fuel	70,339	-	70,339
Mapping and sampling	29,022	-	29,022
Site administration	141,900	-	141,900
Supplies and maintenance	78,780	-	78,780
	12,380,831	-	12,380,831
Balance, May 31, 2020	$13,072,109	$ 1,000	$13,073,109

For the nine months ended February 28, 2021:

	Slocan and Sandon BC	Horwood ON	Total
Acquisition Costs	**$ 691,278**	**$ 1,000**	**$ 692,278**
Exploration Costs			
Opening balance-exploration	**12,380,831**	**-**	**12,380,831**
Amortization	**24,328**	**-**	**24,328**
Fuel	**50,336**	**-**	**50,336**
Geology and labour	**515,800**	**-**	**515,800**
Mapping and sampling	**7,001**	**-**	**7,001**
Site administration	**16,527**	**-**	**16,527**
Supplies and maintenance	**196,838**	**-**	**196,838**
	13,191,661	**-**	**13,191,661**
BCMETC recovery	**(474,425)**	**-**	**(474,425)**
Balance, February 28, 2021	**$13,408,514**	**$ 1,000**	**$13,409,514**

British Columbia Properties

The Slocan and Sandon Group covers an area of approximately 116 square kilometres. The claims include legacy claims, crown-granted claims and acquired or converted mineral claims. All claims are contiguous. Current claim expiry date is: July 31, 2029.

Ontario Property

The Company holds mineral claims in the Horwood Township of the Porcupine mining division, Ontario. The claims are subject to a pre-existing 3% NSR. Current claim expiry dates are: May 4, 2021, June 18, 2021, November 25, 2021 and September 20, 2022.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

Yukon Property

The Company holds 9 mineral claims in the Watson Lake mining district of the Yukon Territory. Current claim expiry dates are: August 18, 2022 and February 4 2027. The claims were written down in prior years to reflect management focus on the British Columbia properties.

8. ACCRUED LIABILITIES

Accrued liabilities are summarized as follows:

	February 28 2021	May 31 2020
Professional fees	$ -	$ 12,000
Claim consulting	-	83,375
Constructive obligation (1)	106,000	106,000
	$ 106,000	$ 201,375

(1) Based on the BC Government's Chief Inspector's orders issued to all companies with tailings ponds and as directly requested by the Ministry of Energy and Mines, the Company is required to make improvements to the tailings ponds prior to reopening the Silvana mill at Sandon, BC. The Company originally accrued $415,000 as a constructive obligation with respect to these improvements and as at February 28, 2021 the remaining balance is $106,000. This amount is based on Company estimates.

9. RESTORATION PROVISION

The Company has calculated the fair value of the restoration provision as at February 28, 2021 using a pre-tax discount rate of 5.00% (May 31, 2020 – 5.00%). The estimated total future undiscounted cash flows to settle the restoration provision at February 28, 2021 is $573,000 (May 31, 2020 - $573,000).

	February 28 2021	May 31 2020
Balance, beginning of period	$ 351,750	$ 106,314
Addition		228,686
Accretion	13,191	16,750
Balance, end of period	$ 364,941	$ 351,750

The components of this obligation are the removal of equipment currently used at the property as well as costs associated with the reclamation of the camp and work sites on the property. It is the Company's intention to continue exploration work on the property until at least the current mineral claim expiry, for which the key ground is currently July 31, 2029 without extension. The estimate of future asset retirement obligations is subject to change based on amendments to applicable laws, management's intentions and mineral claim renewals.

The Company may be contingently liable for other decommissioning liabilities. However, such obligations are not recognized since the fair value cannot be reasonably estimated due to the uncertainty of the extent of reclamation and remediation work and the settlement dates.

(Expressed in Canadian Dollars)

10. RELATED PARTY BALANCES AND TRANSACTIONS

Due to related party balances consist of the following*:

	February 28 2021	May 31 2020
Due to Directors and Officers*	**$ 1,539**	$ 13,878
Due to Company controlled by a Director*	**190**	6,653
	$ 1,729	$ 20,531
Convertible Debenture due to a major shareholder**		
Convertible debenture cash value	**$ 1,273,894**	$ 1,841,067
Equity adjustment	**(462,839)**	(534,212)
Convertible debenture statement value	**$ 811,055**	$ 1,306,855

* Unsecured, non-interest bearing, with no fixed terms of repayment.
** See note 11.

The Company entered into the following transactions with related parties (also see Note 11). All related party transactions were calculated at the amount of consideration established and agreed to by the related parties.

a) The Company was charged $90,000 (February 29, 2020 - $90,000) by an officer for services to the Company.

b) The Company was charged $27,000 (February 29, 2020 - $27,000) by an officer for rent.

c) The Company was charged $6,235 in professional fees (February 29, 2020 - $3,515) by a company controlled by a director.

d) The Company accrued $132,827 in interest on the convertible debenture (February 29, 2020 - $54,940) to a company controlled by a major shareholder.

11. CONVERTIBLE DEBENTURE

The Company has a Convertible Debenture agreement with a major shareholder with the provision that the major shareholder may make multiple advances to the Company up to a total amount of $2,500,000. The debenture bears interest at the rate of 10% per annum, compounded monthly and matures on December 31, 2024. The first advance in the amount of $1,457,180 may be converted, in whole or in part, into units ("Units") of the Company at a conversion price of $0.05 per Unit to January 15, 2021 and $0.10 per Unit before maturity. Each Unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant may be converted into one share of the Company. Future advances under the Convertible Debenture agreement may be converted before maturity, in whole or in part, into Units at a conversion price equal to the then prevailing market price of the Company's common shares and the exercise price of future warrants will be equal to the then prevailing market price of the Company's common shares.

(Expressed in Canadian Dollars)

11. CONVERTIBLE DEBENTURE (Continued)

During the period the major shareholder exercised his right to convert $700,000 of the Convertible Debenture at a conversion price of $0.05 per Unit. As a result 14,000,000 common shares and 14,000,000 warrants, exercisable at $0.05 to December 31, 2024, were issued.

Changes in convertible debenture during the periods:

	February 28, 2021	May 31, 2020
	$	$
Opening	**1,306,855**	-
Net Value at issuance	**-**	889,341
Accretion	**71,373**	33,628
Additional advances	**-**	300,000
Conversion	**(700,000)**	-
Interest accrual	**132,827**	83,886
Convertible debenture statement value	**811,055**	1,306,855

12. LOANS

During the year ended May 31, 2020, the Company received $125,000 in loans from various parties. The loans bear interest at 1.5% per month, are unsecured and $80,000 was repayable on April 14, 2021 and $45,000 was repayable on May 19, 2021. The Company issued 817,142 bonus shares to these parties in connection with the loans. These loans were repaid in June 2020.

13. CEBA LOAN

In April 2020 the Company received a loan of $40,000 through the Canadian Emergency Business Account Program (“CEBA Loan”), which provides financial relief for Canadian small businesses during the COVID-19 pandemic. The CEBA Loan has an initial term date of December 31, 2022 (the “Initial Term Date”) and may be extended to December 31, 2025. The CEBA Loan is non-revolving, with an interest rate being 0% per annum prior to the Initial Term Date and 5% per annum thereafter during any extended term, which is calculated daily and paid monthly. The CEBA Loan can be repaid at any time without penalty and, if at least 75% of the CEBA Loan is paid prior to the Initial Term Date, the remaining balance of the CEBA Loan will be forgiven.

14. MORTGAGE PAYABLE

The Company has a first mortgage on the Rosebery property located in Rosebery, British Columbia, Canada, in the amount of $145,000. Interest payments of $1,202 calculated at 9.95% per annum are due monthly. The mortgage balance is due on December 1, 2021.

15. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Issued during the period ended February 28, 2021:

In July 2020, the Company issued 1,000,000 common shares at a price of $0.05 for the exercise of warrants.

In August 2020, the Company issued 2,430,000 common shares at a price of $0.05 for the exercise of warrants.

On September 14, 2020, the Company closed a private placement for total proceeds of $516,000. The terms were: 10,320,000 units at a price of $0.05 per unit. All units consist of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share for 30 months at a price of $0.10 per share. Commissions paid total $3,250. A director participated for 180,000 units.

On September 25, 2020, the Company closed a private placement for total proceeds of $415,000. The terms were: 8,300,000 units at a price of $0.05 per unit. All units consist of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share for 30 months at a price of $0.10 per share. Commissions paid total $41,750. A 10% holder participated for 800,000 units.

In September 2020, the Company issued 13,180,000 common shares at a price of $0.05 for the exercise of warrants. 150,000 common shares at a price of $0.055 were issued for the exercise of options.

On October 14, 2020, the Company closed a private placement for total proceeds of $503,000. The terms were: 10,060,000 units at a price of $0.05 per unit. All units consist of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share for 30 months at a price of $0.10 per share. Commissions paid total $33,000.

In October 2020, the Company issued 7,510,000 common shares at a price of $0.05 for the exercise of warrants. 50,000 common shares at a price of $0.05 were issued for the exercise of options.

In November 2020, the Company issued 100,000 common shares at a price of $0.05 for the exercise of warrants. 100,000 common shares at a price of $0.06 were issued for the exercise of options.

In December 2020, the Company issued 2,950,000 common shares at a price of $0.05 for the exercise of warrants. 1,300,000 common shares at a price of $0.05 and 700,000 common shares at a price of $0.06 were issued for the exercise of options.

In January 2021, the Company issued 2,040,000 common shares at a price of $0.05, 400,000 common shares at a price of $0.055 and 100,000 shares at a price of $0.10 for the exercise of warrants. 1,600,000 common shares at a price of $0.05 and 170,000 common shares at a price of $0.06 were issued for the exercise of options. 14,000,000 common shares at a price of $0.05 were issued for the partial conversion of the convertible debenture (note 11).

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (Continued)

In February 2021, the Company issued 50,000 common shares at a price of $0.05, 100,00 common shares at a price of $0.55 and 800,000 common shares at a price of $0.10 for the exercise of warrants. 100,000 common shares at a price of $0.055 were issued for the exercise of options.

Issued during the year ended May 31, 2020:

In March 2020, the Company issued 80,000 common shares at a deemed price of $0.05 as bonus shares on a $20,000 loan (Note 12).

In April 2020, the Company closed a private placement for total proceeds of $50,000. The terms were: 1,000,000 units at a price of $0.05 per unit. All units consist of one common share and one share purchase warrant entitling the holder to purchase one additional common share for five years at a price of $0.05 per share.

In April 2020, the Company issued 480,000 common shares at a deemed price of $0.025 as bonus shares on loans totalling $60,000 (Note 12).

In May 2020, the Company issued 257,142 common shares at a deemed price of $0.035 as bonus shares on a $45,000 loan (Note 12).

c) Warrants

A summary of the changes in warrants is as follows:

	NUMBER OF WARRANTS OUTSTANDING	**WEIGHTED AVERAGE EXERCISE PRICE**
Balance, May 31, 2019	107,212,500	$ 0.05
Issued	1,000,000	0.05
Expired	(19,077,500)	0.07
Balance, May 31, 2020	89,135,000	$ 0.05
Issued	28,340,000	0.08
Expired	(18,400,000)	0.05
Exercised	(30,560,000)	0.05
Balance, February 28, 2021	**68,515,000**	**$ 0.06**

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (Continued)

As at February 28, 2021, the following share purchase warrants were outstanding:

TOTAL NUMBER OF WARRANTS	EXERCISE PRICES	EXPIRY DATES
10,200,000	$ 0.05	January 31, 2022
5,600,000	$ 0.055	January 31, 2022
10,000,000	$ 0.05	December 1, 2022
4,450,000	$ 0.05	January 24, 2023
4,760,000	$ 0.10	March 15, 2023
4,150,000	$ 0.10	March 26, 2023
4,530,000	$ 0.10	April 15, 2023
4,965,000	$ 0.05	September 6, 2023
2,975,000	$ 0.05	December 10,2023
1,885,000	$ 0.05	April 25, 2024
14,000,000	$ 0.05	December 31,2024
1,000,000	$ 0.05	April 15, 2025
68,515,000		

As at February 28, 2021 the weighted average remaining contractual life of the share purchase warrants was 2.24 years (February 29, 2020 – 2.25 years) and the weighted average exercise price was $0.06 (February 29, 2020 - $0.05).

d) Stock Options

The Company has a stock option plan that provides for the issuance of options to its directors, officers, employees and consultants. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares at any point in time.

On January 29, 2021 the Company granted 16,000,000 incentive stock options exercisable for a period of 30 months at a price of $0.15. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $1,392,000 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of $0.15; ii) expected share price volatility of 102%; iii) risk free interest rate of 0.14%; iv) no dividend yield; v) expected life of 2.5 years; and vi) fully vested on grant. The Company cancelled 8,250,000 of these options on March 30, 2021.

On November 29, 2019 the Company granted 725,000 incentive stock options exercisable for a period of five years at a price of $0.05. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $21,025 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of $0.05; ii) expected share price volatility of 133%; iii) risk free interest rate of 1.49%; iv) no dividend yield; v) expected life of 5 years; and vi) fully vested on grant.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (Continued)

The following is a summary of the changes in stock options:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding and exercisable at May 31, 2019	10,545,000	$ 0.06
Options granted	725,000	0.05
Options cancelled/expired	(550,000)	0.09
Outstanding and exercisable at May 31, 2020	10,720,000	$ 0.06
Options granted	16,000,000	0.15
Options cancelled/expired	(50,000)	0.10
Options exercised	(4,170,000)	0.05
Outstanding and exercisable at February 28, 2021	**22,500,000**	**$ 0.12**

As at February 28, 2021 the following stock options were outstanding and exercisable:

NUMBER OF OPTIONS OUTSTANDING	EXERCISE PRICES	EXPIRY DATES
175,000	$ 0.05	June 21, 2021
100,000	$ 0.055	December 19, 2021
6,000,000	$ 0.06	January 13, 2023
16,000,000	$ 0.15	July 28, 2023 *
275,000	$ 0.05	November 28, 2024
22,500,000		

* On March 30, 2021 8,250,000 of the 16,000,000 options were cancelled leaving 7,750,000 options with an expiry date of July 28, 2023 outstanding.

As at February 28, 2021 the weighted average remaining contractual life of the stock options was 2.26 years (February 29, 2020 – 2.49 years) and the weighted average exercise price was $0.12 (February 29, 2020 – $0.06).

e) Nature and Purpose of Reserves

The reserves recorded in equity on the Company's statement of financial position from time to time will include “Contributed Surplus”, “Warrant Reserve” and “Share-based Payment Reserve”.

- “Contributed Surplus” recognizes amounts contributed to the Company shareholders either by way of direct contribution of cash or assets to the Company or delivery of assets to the Company having a fair value in excess of consideration paid by the Company.
- “Warrant Reserve” is used to recognize the fair value of share warrants prior to exercise or expiry.
- “Share-based Payment Reserve” is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.

(Expressed in Canadian Dollars)

16. MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

There were no changes in the Company's approach to capital management during the periods ended February 28, 2021 and February 29, 2020. The Company is not subject to externally imposed capital requirements.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at February 28, 2021, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	LEVEL	FVTPL	LOANS AND RECEIVABLES/ AMORTIZED COST	TOTAL CARRYING VALUE	FAIR VALUE
Financial assets					
Cash	1	$ 2,603,620	$ -	$ 2,603,620	$ 2,603,620
Reclamation bonds	2	270,500	-	270,500	270,500
Receivables (a)	2	-	21,948	21,948	21,948
		$ 2,874,120	$ 21,948	$ 2,896,068	$ 2,896,068
Financial liabilities					
Accounts payable and accrued liabilities (a)	2	$ -	$ (58,075)	$ (58,075)	$ (58,075)
Due to related parties (a)	2	-	(1,729)	(1,729)	(1,729)
Mortgage payable (a)	2	-	(145,000)	(145,000)	(145,000)
Convertible debenture	2	-	(811,055)	(811,055)	(811,055)
CEBA loan	2	-	(40,000)	(40,000)	(40,000)
		$ -	$ (1,055,859)	$ (1,055,859)	$ (1,055,859)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Fair value approximates the carrying amounts due to the short-term nature.

The carrying values of the Company's financial liabilities were a reasonable approximation of fair value.

The Company is exposed to potential loss from various risks including commodity price risk, interest rate risk, currency risk, credit risk and liquidity risk. Based on the Company's operations the liquidity risk and commodity price risk are considered the most significant.

a) Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc and lead and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

b) Liquidity Risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes, the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the period.

In the past the Company has been able to maintain its liquidity position through private placements. However, the variable market conditions make it uncertain whether the Company can continue to raise adequate funds to meet its financial obligations.

18. SUBSEQUENT EVENTS

On March 1, 2021, the Company closed a private placement with gross proceeds raised of $1,120,600 through the issue of 8,620,000 shares at a price of $0.13 per share. Commissions paid were $168,090.

On March 16, 2021, the Company received another CEBA loan in the amount of $20,000 bringing the total to $60,000. See note 13 for repayment dates.

Klondike Silver Corp.
Form 51-102F1
Management Discussion and Analysis
For the Nine Months Ended February 28, 2021

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited financial statements of Klondike Silver Corp. ("Klondike Silver" or the "Company") for the nine months ended February 28, 2021 which have been prepared in compliance with International Financial Reporting Standard 34, Interim Financial Reporting ("IAS 34"). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

The Company's financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is extending its best efforts in this regard, the outcome of these matters cannot be predicted at this time, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

This MD&A has been prepared as of April 22, 2021. All amounts are expressed in Canadian dollars unless otherwise stated.

Forward Looking Information

This MD&A includes some statements that may be considered "forward-looking statements". All statements in this discussion that address the Company's expectations about future exploration and development are forward-looking statements. Although the Company believes the expectations presented in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes or lack thereof, availability of capital and financing, and general economic, market, and business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company's exploration and development activities expose the Company to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below.

The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

Financing

The Company's future financial success depends on the ability to raise additional capital from the issue of shares or the discovery of properties which could be economically justifiable to develop. Such development could take years to complete and resulting income, if any, is difficult to determine. The sales value of any mineralization potentially discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced.

General Resource Exploration Risks and Competitive Conditions

The resource exploration industry is an inherently risky business with significant capital expenditures and volatile metals markets. The marketability of any minerals discovered may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as market fluctuations, mineral markets, processing equipment, changes to government regulations, including those relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. This industry is intensely competitive and there is no guarantee that, even if commercial quantities are discovered, a profitable market will exist for their sale. The Company competes with other junior exploration companies for the acquisition of mineral claims as well as for the engagement of qualified contractors. Metal prices have fluctuated widely in recent years, and they are determined in international markets over which the Company has no influence.

Governmental Regulation

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Exploration and development on the Company's properties are affected by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price control, tax increases, maintenance of claims, and tenure. There is no assurance that future changes in such regulations couldn't result in additional expenses and capital expenditures, decreasing availability of capital, increased competition, reserve uncertainty, title risks, and delays in operations. The Company relies on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws.

Company Overview

Klondike Silver is a Canadian listed public company with its shares traded on the TSX Venture Exchange under the symbol "KS".

The Company is a resource exploration stage company engaged in the acquisition and exploration of mineral properties. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issuance of shares from the treasury to investors and does not use long term debt. Once a body of commercial ore is found, the Company may offer to a major mining company the opportunity to acquire an interest in a property in return for funding by the major mining company, of all or part of the exploration and development of the property. The Company currently has no revenues from mineral producing operations and holds properties in British Columbia and the Yukon.

Additional information relating to the Company can be found on SEDAR at www.sedar.com and also on the Company's website at www.klondikesilver.com.

Overall Performance

Exploration and evaluation spending during the nine months ended February 28, 2021 was $810,830 (February 29, 2020 - $638,415). BC Mining Exploration Tax Credit of $267,822 was received for the year ended May 2019 and $206,603 was received for the year ended May 2020. Major categories were geology and labour for $515,800 and supplies and maintenance for $196,838 on the Slocan and Sandon BC claims.

Since December 2019, the outbreak of corona virus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may cause staff shortages, reduced customer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments on future operations.

Property Summaries and Exploration Updates

British Columbia Properties

Slocan Silver Camp
The Slocan Silver Camp is centered around the historic mining town of Sandon, located 138 km north of the Trail B.C. smelter in south-eastern, British Columbia. Sandon is 14.5 kilometres east of New Denver and has year round access via an all-weather gravel road which branches off of paved Provincial Highway 31A, 8.5 km from New Denver.

Klondike Silver's claims in the Slocan Camp cover an area of approximately 116 square kilometers and include 68 of the historical past-producing silver-lead-zinc mines of the camp, including the Silvana Mine. The Slocan Camp includes a fully operational 90 tonne per day (100 ton per day) mill situated immediately downstream of the historic town of Sandon. The claims include legacy claims, crown-granted claims, and recently acquired MTO mineral claims. Not all of the ground within the Camp is held by Klondike Silver. The majority of Klondike Silver's claims are contiguous and in good standing with the province of British Columbia to July 31, 2029.

The central area of the Sandon camp, includes the second largest past producing mine in the region and has been the focus of Klondike Silver's underground exploration for the past several years.

<u>Silvana Mine</u>

The principal source of the Slocan Camp's historic silver-lead-zinc production comes from the Main Lode structure which is approximately 9 km long, extending from the town of Silverton on Slocan Lake to the historic town of Cody in the east. The Main Lode transects 'Silver Ridge' which separates two major drainage basins (Carpenter and Silverton Creeks) of the Selkirk Mountains. The Silvana production area covers approximately 1.3 km of the Main Lode. The Company claims extend approximately 1.5 km to the west of the Silvana's historic production zone. This region of the Main Lode has been named the "Silver Mile" by the Company. The western property boundary is 0.5 km from the Mammoth Mine, the next major mine to the west, along the Main Lode.

The Main Lode mines produced 1.8 million tonnes of ore with an average grade of 494 grams per tonne (g/t) (14.42 ounces per ton, oz/T) silver, 6.53 % lead and 5.29 % zinc (source BC MINFILE). Total production for all Main Lode mines was 888 tonnes (29 million oz) of silver, 117 million kg of lead and 97 million kg of zinc.

The mines within the Company's claims produced 965,000 tonnes of ore with an average grade of 596 g/t (17.38 oz/T) silver, 7.69 % lead and 4.19 % zinc. Total production of the Company's mines on the Main Lode was 575 tonnes (18 million oz) of silver, 74 million kg of lead and 40 million kg of zinc.

The Silvana Mine produced 511,000 tonnes of ore with an average grade of 476 g/t (13.87 oz/T) silver, 5.62 % lead and 5.15 % zinc. Total production of the Silvana Mine over 40 years was 243 tonnes (8 million ounces) of silver, 29 million kg of lead and 26 million kg of zinc.

The Silvana Mine was originally operated as a joint venture between Kam-Kotia and Burkham as the Silmonac Mine. The operation was re-name the Silvana Mine when Kam-Kotia and other mining companies amalgamated under Dickenson Mines Limited. In 1991 Treminco Resources Corp. In 1999 Klondike Gold took over the property and was later spun out as Klondike Silver Corp.

The Silvana mine is the only mine in the Slocan Mining Camp that was discovered from underground diamond drilling (i.e. a blind deposit). The old Ruth 5 level (Silvana 4000 Level) was extended westward from the New Ruth and Silversmith deposits and long up-hole diamond drill holes intersected substantial lead and zinc mineralization in 1968. Funds were raised for a higher elevation portal and Cross-cut Drift (Silvana 4625 Level) to intersect this mineralization. Production from the Silvana mine started in 1970 utilizing the refurbished 1952 Carnegie Mill, immediately downstream of the town of Sandon. Three side-hill tailings ponds have been constructed since production started (Tailings Management Facility – TMF), downstream of the mill. Pond #3 is the only active pond. There are several tracked drifts to access mined areas (stopes) above the 4625 Level. Rubber-tired scooptrams utilized two declines to access stopes below 4625. There are three escapeways (Mascot portal, 4625 portal and 4000 portal) that provide natural ventilation year-round. Mining continued east and west of the 4625 Cross-cut Drift during the 1970s. In the west end the Main Lode structure changed its orientation and mineralization ceased. After continued exploration drifting and drilling on the structure in this area and with no mineralization intersected, mining ceased and continued only to the east and down the dip of the structure until 2010 when the operation mined out all visible mineralization.

It is now believed that the structure that was drifted and drilled in the west end was a post mineral fault that off-set the Main Lode by several hundred meters. The off-set was initial picked up by the last 3 drill holes completed in 2010. These three holes mark the eastern edge of the “Silver Mile”.

The Silver Mile

The central underexplored “Silver Mile” portion of the Main Lode transects the steep-sided Silver Ridge at an elevation of 2140 meters. Several adits were developed between 1893 to 1923 by Carnation Silver Lead Mines Limited. Additional drifting in the Carnation Basin occurred in 1945 to 1952 by Kelowna Exploration Company. Although there are extensive workings in this area, limited production was recorded. This was due to economic and management conditions and the lack of underground diamond drilling, at that time.. The Main Lode surface expression was again explored in the 1960s initially by Silmonac, Kam-Kotia and then Dickenson Mines Ltd. Several strong soil geochemical anomalies were identified in 1983 to 1985 which lead to several short surface diamond drill programs that intersect significant mineralization in some of the holes in 1985. Since 1989, little surface exploration work has been done in this area due to the high altitude, rugged and steep terrain.

A 3D model has been developed over the last 4 years of the Company’s portion of the Main Lode from historical diamond drill records, plans and sections and has been converted to Universal Transverse Mercator (UTM) coordinates utilizing a LIDAR topographical survey and several total station surface and underground surveys. The 3D model has identified the Main Lode off-set and the post-mineral fault. Using this model, an Application to Amend the Silvana active mine permit M-65 was initiated in 2018. The application included an extension of the 4625 West Lateral Drift of approximately 160 meters to the west, installation of two diamond drill stations and 26 diamond drill holes totaling 2,060 meters. Drifting of the first 80 + meters of drifting started in October 2018 and was finished December 2018 which included the first drill station. In 2019, the initial 4 diamond drill holes were completed at a bearing of 180 Az (due south). The next 3 drill holes were drilled at a bearing of 220 Az (southwest). The last drill hole in 2019 was drilled at a bearing of 130 Az (southeast). There was a total of 986 meters drilled in the 8 holes. Each hole intersected minor zinc and trace galena within the Main Lode vein system, as interpreted by the 3D model.

In 2020, 2 additional diamond drill holes were completed for 193 meters, at a bearing go 130 Az. The last drill hole from drill station #1 (K-1133) intersected 56.77 Ag/t over 0.8 meters, within the Main Lode. By the time the split core assay results were received, the diamond drill machine had been dismantled and drifting had commenced toward drill station #2. Additional drilling around K-1133, will be done in the future to explore additional mineralization.

Drifting was suspended in April 2020 due to COVID-19 restrictions and re-started late in 2020. The Company is not currently working underground. The drift is now at the planned location of Drill Station #2. Drill Station #2 will need to be established, then a series of underground diamond drill holes will be drilled in a fan-type drill pattern to intersect the widest coverage area of the Main Lode vein system, at this location. The Main Lode vein system contains 8 of the largest mines in the Slocan Mining Camp.

When substantial mineralization is intersected in the drill holes, an application to re-start the mill and TMF will be made to Ministry of Energy, Mines and Low Carbon Innovation and Ministry of Environment. To reduce the government application timeframe, the Company initiated a baseline water quality monitoring program and benthic invertebrate study of the Carpenter Creek drainage basin and mine portals in late 2018. An acid rock drainage, metal leaching (ARD/ML) sampling program was started in 2017.

Exploration Update

Klondike Silver has suspended current exploration activities at the Slocan Mining Camp "*The Silver Mile"* as required by the Ministry of Energy, Mines and Low Carbon Innovation (EMLI). At present Klondike's focus is to satisfy the EMLI identified issues primarily concerning Klondike Silver's Tailings Management Facilities (TMF). The Company is working with engineering firm Tetra Tech to address the geotechnical and hydrotechnical issues with respect to the TMF. Significant progress is being made towards satisfying the outstanding issues.

The Annual Reclamation Reports, the TMF Operations, Maintenance and Surveillance Manual, the TMF and underground Emergency Response Plans and Effluent Discharge Reports and several Environmental Management Plans are all up to date.

The Company's Slocan Silver Camp mineral claims are in good standing with the province of British Columbia to July 31, 2029.

Ontario Property

The Company holds mineral claims in the Horwood township of the Porcupine mining division, Ontario. The claims are subject to a pre-existing 3% NSR. Current claim expiry dates are: May 4, 2021, June 18, 2021, November 25, 2021 and September 20, 2022.

Yukon Property

Klondike Silver's Stump claims in the Yukon are in good standing to February 4, 2022

Results of Operations, three months ended February 28, 2021

For the three months ended February 28, 2021 the Company had a net loss of $1,636,584 (February 29, 2020 - $236,915). The significant differences between the two periods include:

- An increase in share based compensation to $1,392,000 (February 29, 2020 - $Nil) due to options granted in the current period.
- A decrease in professional fees to $Nil (February 29, 2020 - $41,784) due to legal fees related to convertible debenture in the prior period.
- An increase in accretion to $28,518 (February 29, 2020 - $4,187) due to the convertible debenture equity component in the current period.
- An increase in compensation and consulting to $89,324 (February 29, 2020 - $75,643) due to increased consulting expenses, a new payroll tax and vacation time payout in the current period.
- An increase in utilities and communication to $18,373 (February 29, 2020 - $10,944) mainly due to higher gasoline and electrical costs at the Slocan site in the current period.

Results of Operations, nine months ended February 28, 2021

For the nine months ended February 28, 2021 the Company had a net loss of $2,125,895 (February 29, 2020 - $610,952). The significant differences between the two periods include:

- An increase in share based compensation to $1,392,000 (February 29, 2020 - $21,025) due to options granted in the current period.

- A decrease in professional fees to $20,238 (February 29, 2020 - $81,151) due to legal fees related to convertible debenture in the prior period.
- An increase in accretion to $84,564 (February 29, 2020 - $12,563) due to the convertible debenture equity component in the current period.
- An increase in compensation and consulting to $288,809 (February 29, 2020 - $228,188) mainly due to increased consulting expenses and a new payroll tax in the current period.
- An increase in interest and bank charges to $144,773 (February 29, 2020 - $107,366) due to the convertible debenture in the current period.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight quarters with the figures for each quarter in Canadian dollars.

Quarter Ending	Other Income / (Expense)	Net Loss	Net Loss per Share
February 28, 2021	$ Nil	$ 1,636,584	$ 0.01
November 30, 2020	Nil	278,420	0.00
August 31, 2020	Nil	210,891	0.00
May 31, 2020	Nil	256,753	0.00
February 29, 2020	Nil	236,915	0.00
November 30, 2019	Nil	217,753	0.00
August 31, 2019	(228,685)	384,969	0.00
May 31, 2019	93,122	96,142	0.00

Off Balance Sheet Arrangements

As at February 28, 2021, the Company did not have any off balance sheet arrangements to disclose.

Liquidity and Capital Resources

The Company has financed its operations primarily by the issue of share capital and loans from related parties.

The continued operations of the Company are dependent on its ability to complete sufficient public equity financing, or generate profitable operations in the future.

The Company had working capital (deficiency) of $2,478,055 at February 28, 2021 (February 29, 2020 - $(2,181,598)). The Company has sufficient working capital to meet its obligations for the next twelve months.

The Company's capital needs in the current and previous years have been met by the following equity financings:

Period ended February 28, 2021:

In July 2020, the Company issued 1,000,000 common shares at a price of $0.05 for the exercise of warrants.

In August 2020, the Company issued 2,430,000 common shares at a price of $0.05 for the exercise of warrants.

On September 14, 2020, the Company closed a private placement for total proceeds of $516,000. The terms were: 10,320,000 units at a price of $0.05 per unit. All units consist of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share for 30 months at a price of $0.10 per share. Commissions paid total $3,250. A director purchased for 180,000 units.

On September 25, 2020, the Company closed a private placement for total proceeds of $415,000. The terms were: 8,300,000 units at a price of $0.05 per unit. All units consist of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share for 30 months at a price of $0.10 per share. Commissions paid total $41,750. A shareholder owing more than 10% of the common shares purchased 800,000 units.

In September 2020, the Company issued 13,180,000 common shares at a price of $0.05 for the exercise of warrants. 150,000 common shares at a price of $0.055 were issued for the exercise of options.

On October 14, 2020, the Company closed a private placement for total proceeds of $503,000. The terms were: 10,060,000 units at a price of $0.05 per unit. All units consist of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share for 30 months at a price of $0.10 per share. Commissions paid total $33,000.

In October 2020, the Company issued 7,510,000 common shares at a price of $0.05 for the exercise of warrants. 50,000 common shares at a price of $0.05 were issued for the exercise of options.

In November 2020, the Company issued 100,000 common shares at a price of $0.05 for the exercise of warrants. 100,000 common shares at a price of $0.06 were issued for the exercise of options.

In December 2020, the Company issued 2,950,000 common shares at a price of $0.05 for the exercise of warrants. 1,300,000 common shares at a price of $0.05 and 700,000 common shares at a price of $0.06 were issued for the exercise of options.

In January 2021, the Company issued 2,040,000 common shares at a price of $0.05, 400,000 common shares at a price of $0.055 and 100,000 shares at a price of $0.10 for the exercise of warrants. 1,600,000 common shares at a price of $0.05 and 170,000 common shares at a price of $0.06 were issued for the exercise of options. 14,000,000 common shares at a price of $0.05 were issued for the partial conversion of the convertible debenture.

In February 2021, the Company issued 50,000 common shares at a price of $0.05, 100,000 common shares at a price of $0.55 and 800,000 common shares at a price of $0.10 for the exercise of warrants. 100,000 common shares at a price of $0.055 were issued for the exercise of options.

Year ended May 31, 2020:

In March 2020, the Company issued 80,000 common shares at a deemed price of $0.05 as bonus shares on a $20,000 loan.

In April 2020, the Company closed a private placement for total proceeds of $50,000. The terms were: 1,000,000 units at a price of $0.05 per unit. All units consist of one common share and one share purchase warrant entitling the holder to purchase one additional common share for five years at a price of $0.05 per share.

In April 2020, the Company issued 480,000 common shares at a deemed price of $0.025 as bonus shares on loans totalling $60,000.

In May 2020, the Company issued 257,142 common shares at a deemed price of $0.035 as bonus shares on a $45,000 loan.

Transactions with Related Parties

Due to Related parties balances consisted of the following*:

		February 28 2021		May 31 2020
Due to Directors and Officers*	$	**1,539**	$	13,878
Due to Company controlled by a Director*		**190**		6,653
	$	**1,729**	$	20,531
Convertible Debenture due to a major shareholder**				
Convertible debenture cash value	$	**1,273,894**	$	1,841,067
Equity adjustment		**(462,839)**		(534,212)
Convertible debenture statement value	$	**811,055**	$	1,306,855

* Unsecured, non-interest bearing, with no fixed terms of repayment.
** See note 11.

The Company entered into the following transactions with related parties. All related party transactions were measured at the amount of consideration established and agreed to by the related parties.

a) The Company was charged $90,000 (February 29, 2020 - $90,000) by an officer for services to the Company.
b) The Company was charged $27,000 (February 29, 2020 - $27,000) by an officer for rent.
c) The Company was charged $6,235 in professional fees (February 29, 2020 - $3,515) by a company controlled by a director.
d) The Company accrued $132,827 in interest on the convertible debenture (February 29, 2020 - $54,940) to a company controlled by a major shareholder.

Provisions, Contingent Liabilities and Contingent Assets

Under IFRS, restoration provisions are measured at the inflation adjusted present value of the expected expenditures required to settle the obligation using a pre-tax discount rate reflecting the time value of money and risks specific to the liability.

Financial Instruments and Other Instruments

Financial instruments are exposed to commodity price risk, liquidity and market risks.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations. Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

Liquidity Risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the year. During the past year the Company has been able to maintain its liquidity through private placements.

Outstanding Share Data as of the date of this report:

The authorized share capital consists of an unlimited number of common shares.

Common shares – 244,764,035 common shares were issued and outstanding.

Warrants - The Company has the following warrants outstanding at the date of this report:

TOTAL NUMBER OF WARRANTS	EXERCISE PRICES	EXPIRY DATES
10,200,000	$ 0.05	January 31, 2022
5,600,000	$ 0.055	January 31, 2022
10,000,000	$ 0.05	December 1, 2022
4,450,000	$ 0.05	January 24, 2023
4,760,000	$ 0.10	March 15, 2023
4,150,000	$ 0.10	March 26, 2023
4,530,000	$ 0.10	April 15, 2023
4,965,000	$ 0.05	September 6, 2023
2,975,000	$ 0.05	December 10,2023
1,885,000	$ 0.05	April 25, 2024
14,000,000	$ 0.05	December 31,2024
1,000,000	$ 0.05	April 15, 2025
68,515,000		

Options – The Company has the following options outstanding at the date of this report:

TOTAL NUMBER OF OPTIONS	EXERCISE PRICES	EXPIRY DATES
175,000	$ 0.05	June 21, 2021
100,000	$ 0.055	December 19, 2021
6,000,000	$ 0.06	January 13, 2023
7,750,000	$ 0.15	July 28, 2023
275,000	$ 0.05	November 28, 2024
14,300,000		

Investor Relations

Directors and Officers of the Company participate in a limited investor relations program.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

TSX Venture listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.