

**BATHURST METALS CORP. (Formerly Pacific Cascade Minerals Inc.)**  
**(An Exploration Stage Company)**

**Condensed Interim Financial Statements**  
**Nine Months Ended June 30, 2021 and 2020**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**Notice of Disclosure of Non-auditor Review of the Interim Financial Statements  
For the Nine Months Ended June 30, 2021**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**BATHURST METALS CORP. (Formerly Pacific Cascade Minerals Inc.)**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	June 30, 2021 (Unaudited)	September 30, 2020
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 195,573	\$ 11,168
Accounts receivable	20,145	7,485
Prepaid expenses (note 11)	8,800	1,337
	224,518	19,990
<b>Non-Current</b>		
Reclamation bonds (note 6)	23,500	23,500
Mineral property interests (note 7)	246,820	167,589
	\$ 494,838	\$ 211,079
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (notes 4 and 6)	\$ 43,503	\$ 69,805
Due to related party (note 11)	178	144
Loans payable (note 8)	-	105,315
	43,681	175,264
<b>Shareholders' Equity</b>		
Capital Stock (note 9)	8,789,254	7,763,020
Subscriptions Received	-	376,000
Share-Based Payments Reserve (note 10)	1,890,271	1,250,821
Reserves	164,425	164,425
Deficit	(10,392,793)	(9,518,451)
	451,157	35,815
	\$ 494,838	\$ 211,079

Approved on behalf of the Board:

*"Harold Forzley"* Director  
 \_\_\_\_\_  
 Harold Forzley

*"Stephen Millen"* Director  
 \_\_\_\_\_  
 Stephen Millen

**BATHURST METALS CORP. (Formerly Pacific Cascade Minerals Inc.)**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
**For the Nine Months Ended June 30**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	3 months ended June 30, 2021	3 months ended June 30, 2020	9 months ended June 30, 2021	9 months ended June 30, 2020
<b>Expenses</b>				
Accounting and audit	\$ 5,212	\$ 6,894	\$ 17,772	\$ 22,335
Consulting (note 11)	18,000	-	67,000	-
Filing and listing fees (recovery)	1,116	(315)	8,120	10,008
General and office	121	534	2,026	8,797
Interest and bank charges (note 8)	45	9,307	694	26,745
Investors relations	1,870	-	2,744	-
Legal	3,549	2,841	22,766	5,218
Management fees (note 11)	25,500	-	97,050	18,000
Marketing (note 11)	10,000	-	10,000	-
Meals and entertainment	651	-	2,421	1,165
Transfer agent fees	959	3,826	3,443	3,826
Travel	254	-	945	2,659
Interest income	(5)	(14)	(89)	(90)
Share-based payments (note 10)	-	-	639,450	-
<b>Net Loss and Comprehensive Loss for Period</b>	<b>\$ 67,272</b>	<b>\$ 23,073</b>	<b>\$ 874,342</b>	<b>\$ 98,663</b>
<b>Loss Per Share, Basic and Diluted</b>	<b>(0.001)</b>	<b>(0.000)</b>	<b>(0.020)</b>	<b>(0.001)</b>
<b>Weighted Average Number of Common Shares Outstanding, Basic and Diluted</b>	<b>45,769,650</b>	<b>26,818,240</b>	<b>44,257,155</b>	<b>26,818,240</b>

**BATHURST METALS CORP. (Formerly Pacific Cascade Minerals Inc.)**  
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**Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	Capital Stock		Subscriptions Received	Share-Based Payments Reserve	Reserves	Deficit	Total
	Number of Shares (note 1)	Amount					
<b>Balance, September 30, 2019</b>	26,818,240	\$ 7,010,416	\$ -	\$ 1,250,821	\$ 164,425	\$ (9,345,860)	\$ (920,198)
Net loss for the period	-	-	-	-	-	(98,663)	(98,663)
<b>Balance, June 30, 2020</b>	26,818,240	\$ 7,010,416	\$ -	\$ 1,250,821	\$ 164,425	\$ (9,444,523)	\$ (1,018,861)
<b>Balance, September 30, 2020</b>	35,770,761	\$ 7,763,020	\$ 376,000	\$ 1,250,821	\$ 164,425	\$ (9,518,451)	\$ 35,815
Units issued for cash (note 9(b))	9,110,000	920,000	(376,000)	-	-	-	544,000
Flow-through shares issued (note 9(c))	888,889	160,000	-	-	-	-	160,000
Share issue costs (notes 9(b) & 9(c))	-	(53,766)	-	-	-	-	(53,766)
Share-based payments (note 10(b))	-	-	-	639,450	-	-	639,450
Net loss for the period	-	-	-	-	-	(874,342)	(874,342)
<b>Balance, June 30, 2021</b>	<b>45,769,650</b>	<b>\$ 8,789,254</b>	<b>\$ -</b>	<b>\$ 1,890,271</b>	<b>\$ 164,425</b>	<b>\$(10,392,793)</b>	<b>\$ 451,157</b>

**BATHURST METALS CORP. (Formerly Pacific Cascade Minerals Inc.)**  
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**Condensed Interim Statements of Cash Flows**  
**For the Nine Months Ended June 30**  
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	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (874,342)	\$ (98,663)
Items not affecting cash		
Interest expense accrued on loans payable	-	26,386
Share-based payments (note 10(b))	639,450	-
	<b>(234,892)</b>	<b>(72,277)</b>
Changes in non-cash working capital		
Accounts receivable	(12,036)	(3,017)
Prepaid expenses	(7,463)	3,604
Accounts payable and accrued liabilities	(31,726)	(80,312)
Due to related party	34	(23,908)
<b>Cash Used in Operating Activities</b>	<b>(286,083)</b>	<b>(175,910)</b>
<b>Investing Activity</b>		
Acquisition of mineral property interests	(74,431)	(39,340)
<b>Cash Used in Investing Activity</b>	<b>(74,431)</b>	<b>(39,340)</b>
<b>Financing Activities</b>		
Proceeds from promissory notes payable	-	196,000
Repayment of loans payable (note 8)	(105,315)	-
Proceeds on common share units issuance (note 9(b))	544,000	-
Flow-through shares issued (note 9(c))	160,000	-
Share issue costs (notes 9(b)&9(c))	(53,766)	-
<b>Cash Provided by Financing Activities</b>	<b>544,919</b>	<b>196,000</b>
<b>Increase (Decrease) in Cash</b>	<b>184,405</b>	<b>(19,250)</b>
<b>Cash, Beginning of Period</b>	<b>11,168</b>	<b>87,893</b>
<b>Cash, End of Period</b>	<b>\$ 195,573</b>	<b>\$ 68,643</b>
<b>Non-cash transaction:</b>		
Mineral property interest and HST accrued in accounts payable and accrued liabilities	\$ 5,424	\$ -
<b>Cash paid during the period for:</b>		
Income taxes	\$ -	\$ -
Interest	\$ 1,378	\$ -

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Bathurst Metals Corp. (formerly Pacific Cascade Minerals Inc.) (the “Company”) was incorporated under the Business Corporations Act of British Columbia on January 24, 2006. The Company changed its name from Pacific Cascade Minerals Inc. to Bathurst Metals Corp. on August 12, 2020 and commenced trading on August 14, 2020 under the stock symbol “BMV”. The Company is involved in the acquisition, exploration and development of mineral properties located in Nunavut, Canada. The Company’s registered office is located at 665 Dougall Road, Gibsons, British Columbia, V0N 1V8. The Company’s shares trade on the TSX Venture Exchange (“TSXV”).

On August 12, 2020, the Company completed the consolidation of the common shares in the capital of the Company at a ratio of 3 pre-consolidation common shares for 1 post-consolidation common share (the “consolidated shares”). The share consolidation reduced the number of the Company’s outstanding common shares at August 14, 2020 from 81,454,719 common shares to 27,151,573 common shares. As a result of the share consolidation, all information involving the Company’s share capital, outstanding stock options and warrants and related exercise prices are post-consolidation amounts.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Several adverse conditions may cast significant doubt on the validity of this assumption. The Company reported a net loss of \$874,342 for the period ended June 30, 2021 (June 30, 2020 – \$98,663), and as at June 30, 2021 has a working capital of \$180,837 (September 30, 2020 – working capital deficit of \$155,274) and an accumulated deficit of \$10,392,793 (September 30, 2020 - \$9,518,451), and has no source of revenue or operating cash flow.

The Company’s ability to continue as a going concern is dependent on the Company being able to obtain the necessary financing to meet administrative overheads and to complete the acquisition, exploration and development of its mineral property interests into profitable mining operations.

The Company has relied mainly upon the issuance of capital stock and loan arrangements to finance its activities. Future capital requirements will depend on many factors including the Company’s ability to execute its business plan. The Company intends to continue relying upon the issuance of capital stock to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Inability to secure future financing would have a material adverse effect on the Company’s business, results of operations and financial condition.

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

Since January 2020, the continuing outbreak of the novel strain of the coronavirus, COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. This may impact the Company’s ability to obtain additional financing to support exploration activities.

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**2. BASIS OF PREPARATION**

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and its interpretations. Accordingly, they do not include all of the information and note disclosures as required by International Financial Reporting Standards ("IFRS") for annual financial statements. Unless stated otherwise, the accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its most recent annual financial statements which are filed on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). These condensed interim financial statements should be read in conjunction with the Company's financial statements as at and for the year ended September 30, 2020. Results for the period ended June 30, 2021 are not necessarily indicative of future results.

These financial statements were approved by the Board of Directors and authorized for issue on August 16, 2021.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except cash flow information.

(c) Presentation and functional currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars, unless otherwise indicated.

(d) Critical accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Actual results could differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The critical judgment and assumptions applied in the preparation of these financial statements and other major sources of measurement uncertainty are discussed in note 4.

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies used in the preparation of these financial statements.

(a) Mineral property interests

All costs related to the acquisition, exploration and development of mineral property interests are capitalized on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse.

All deferred resource property expenditures are reviewed annually, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, any amounts payable or receivable are recorded as property costs or recoveries when the payments are made or received.

(b) Provisions for decommissioning and restoration liabilities

The Company recognizes an estimate of the liability associated with a decommissioning and restoration obligation in the financial statements at the time the liability is incurred. The estimated fair value of the decommissioning and restoration obligation is recorded as a liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to operations in the period. The decommissioning and restoration obligation can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the decommissioning and restoration obligation are charged against the decommissioning and restoration obligation to the extent of the liability recorded.

(c) Equity units

Proceeds from the issue of units are allocated between common shares and share purchase warrants on a residual value basis, wherein the proceeds are firstly allocated to common shares based on the trading price on the date of issue of the units and the balance, if any, allocated to the attached share purchase warrants.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(d) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of capital stock.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payments reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payments reserve is credited to capital stock along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(e) Earnings (loss) per share

Earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

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3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(f) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Deferred tax assets and liabilities are measured using substantively enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantially enacted. The amount of deferred income tax assets is limited to the amount of the benefit that is probable of being realized.

(g) Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect as at the statement of financial position date;
- (ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Revenue and expenses (excluding depreciation, which is translated at the same rate as the related asset), at the exchange rates in effect on the date of the transaction.

Gains and losses arising from this translation of foreign currency are included profit or loss.

(h) Financial instruments

Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(h) Financial Instruments (Continued)

Subsequent measurement (Continued)

*Financial assets at fair value through profit or loss*

Financial assets measured at fair value through profit or loss are carried in the statements of financial position at fair value with changes in fair value therein, recognized in profit or loss.

The Company classifies cash as fair value through profit or loss.

*Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost, using the effective interest method.

There are no financial assets classified as measured at amortized cost.

*Financial assets measured at fair value through other comprehensive income ("FVTOCI")*

A financial asset measured at fair value through other comprehensive income is carried in the statement of financial position with changes in fair value in other comprehensive income.

There are no financial assets classified as measured at FVTOCI.

Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

The Company's financial liabilities included accounts payable and accrued liabilities, loans payable, and balance due to related party. These are measured at amortized cost.

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3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(h) Financial instruments (Continued)

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debt in Canadian dollars that can be converted to units at the option of the holder, when the number of units to be issued is fixed and does not vary with changes in fair value. A unit comprises of one common share and one non-transferrable share purchase warrant.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have a conversion option. The conversion component is initially recognized at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and conversion components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost. Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash, accounts payable and accrued liabilities, loans payable, and balances due to related parties. Their carrying values approximate the fair values due to short-term maturity of these instruments.

4. **CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

***Critical judgments***

The Company has made the following critical judgments, apart from those involving estimations, in the process of applying its accounting policies that have the most significant effect on the amounts recognized in the financial statements:

***Going concern***

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. See note 1 for more information.

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**4. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)**

*Impairment of mineral property interests*

The Company's mineral property interests represent acquisition costs and exploration expenditures relating to the Company's mineral properties. At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset, which is the greater of the asset's value in use and fair value less costs to sell. The Company considers both external and internal sources of information in assessing whether there are any indications that the Company's mineral property interests are impaired.

***Key sources of estimation uncertainty***

The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the statement of financial position that may have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

*Provision for decommissioning*

An obligation to incur future reclamation, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. As at June 30, 2021 and September 30, 2020, management has determined that the Company has obligation for decommissioning of \$20,000 included in accounts payable and accrued liabilities.

*Convertible promissory notes payable*

The convertible promissory notes payable with a maturity date of more than one year are separated into their liability and equity components on the statements of financial position. The liability component is initially recognized at fair value, calculated at the present value of the liability based upon non-convertible promissory notes payable issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible promissory notes payable with similar terms at the time of issue.

*Income taxes*

In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

*Share-based payments*

Assumptions are used in determining share-based payments. The fair value of stock options and warrants are subject to the limitation of the Black-Scholes option pricing model that requires market data and estimates used by the Company in the assumptions. These inputs are subjective assumptions and changes in these inputs can materially affect the fair value estimated.

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**5. RISK MANAGEMENT**

The Company's risk exposures are summarized below.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As the majority of the Company's loans payable have fixed interest rates (note 8), the Company's sensitivity analysis indicates that exposure to interest rate risk is minimal.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk on its financial instruments.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk exists with respect to the Company's cash of \$195,573 (September 30, 2020 - \$11,168), and the Company's reclamation bonds and deposit of \$23,500 (September 30, 2020 - \$23,500), which are held at a single major Canadian financial institution.

Credit risk is minimized by ensuring that these financial assets are placed with a major Canadian financial institution with strong investment-grade rating by a primary ratings agency.

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**5. RISK MANAGEMENT (Continued)**

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at June 30, 2021, the Company has cash of \$195,573 (September 30, 2020 - \$11,168) available to settle current liabilities of \$43,681 (September 30, 2020 - \$175,264).

The Company's accounts payable and amounts due to related parties are due in the short term (0 to 3 months). The Company's loans payable are due on demand.

As at June 30, 2021, there is sufficient cash balance to meet obligations. The Company will be required to raise additional capital in order to fund its operations and liabilities as they come due.

**6. RECLAMATION BONDS**

Pursuant to government regulations, and as a condition of undertaking mineral property exploration activities, the Company is obligated to provide specified amounts of security ("reclamation bonds") against potential future rehabilitation costs for the Crack Moly mineral property that had been previously written off as impaired.

The Company has pledged two guaranteed investment certificates as reclamation bonds with the following terms:

	Interest Rate	Maturity Date	Amount
Bank of Montreal	Prime less 2.2%	January 12, 2022	\$ 20,000 <sup>1</sup>
Bank of Montreal	0.3%	July 14, 2022	3,500
			\$ 23,500

<sup>1</sup> The Company estimated that the undiscounted value of its site restoration obligation for Crack Moly minerals property amounts to \$20,000 and has recognized a decommissioning liability in accounts payable and accrued liabilities. As it is uncertain when reclamation activities are to occur, a discount rate has not been applied to correspond with the impact of the passage of time.

**7. MINERAL PROPERTY INTERESTS**

(a) Turner Lake Project, Nunavut, Canada

On September 11, 2018, the Company entered into an agreement with Canadian Palladium Resources Inc. (formerly Declan Cobalt Inc.) (the "Vendor") to purchase a 100% interest in the Turner Lake Project (the "Property") located in Nunavut.

The Property consists of 2 claims. Under the terms of the agreement, the Company agrees to purchase a 100% right title and interest in the Property in exchange for 1,000,000 common shares (issued on July 28, 2020 at a fair market value of \$45,000, 333,333 common shares, post consolidation) of the Company to be delivered to the Vendor within 10 days after the Company receives regulatory approval (the "Completion Date").

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**7. MINERAL PROPERTY INTERESTS (Continued)**

(a) Turner Lake Project, Nunavut, Canada (Continued)

During the 2020 fiscal year, the Company reimbursed the Vendor for expenses on exploration, evaluation and development activities totaling \$46,721 (paid).

There is a 1% net smelter return ("NSR") reserved by the original property owners which may be purchased for \$1,000,000 at any time after commercial production.

During the quarter the Company acquired the following properties through staking in Nunavut:

- i) Speers Lake Project – 1 mineral claim
- ii) McGregor Lake Project – 11 mineral claims

The Company incurred the following development and exploration expenditures:

**Acquisition costs**

Balance, September 30, 2018 and 2019	\$	-
Option Costs		46,721
Share Issuance		45,000
Transaction Costs		2,675
Balance, September 30, 2020 and June 30, 2021	\$	94,396

**Exploration costs**

Balance, September 30, 2018 and 2019	\$	-
Claim Extension Fee		10,106
Staking		28,308
Transportation		34,779
Balance, September 30, 2020		73,193
Claim Fee		46
Assay		1,730
Field Expenses		1,707
Geological Consulting		31,456
Staking		13,650
Transportation		25,622
Travel		5,020
Balance, June 30, 2021	\$	152,424

**Mineral Property Interests:**

June 30, 2021	\$	246,820
September 30, 2020	\$	167,589

(b) Environmental

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and

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**7. MINERAL PROPERTY INTERESTS (Continued)**

(b) Environmental (Continued)

operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable

environmental protection legislation. The Company currently has an obligation on a property (note 6) related to the Crack Moly mineral property.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

(c) Title to mineral property interests

Although the Company has taken steps to ensure the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior arrangements or transfers and title may be affected by undetected defects.

(d) Realization of assets

Realization of the Company's investment in mineral property interests is dependent upon the establishment of legal ownership, the attainment of successful production from the mineral property interests or from the proceeds of disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims are allowed to lapse.

**8. LOANS PAYABLE**

	June 30, 2021	September 30, 2020
Balance, beginning of the period	\$ 105,315	\$ 226,204
Interest accrued for the period	-	8,364
Repayment	(105,315)	-
Advances	-	63,000
Shares for debt	-	(192,253)
Balance, end of period	\$ -	\$ 105,315

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**8. LOANS PAYABLE (Continued)**

<b>September 30, 2020</b>	Principal	Accrued Interest	Total
Loan Payable 1 – interest at 8%	\$ 100,000	\$ -	\$ 100,000
Loan Payable 2 – interest at 10%	2,625	1,378	4,003
Loan Payable – no interest	1,312	-	1,312
	<b>\$ 103,937</b>	<b>\$ 1,378</b>	<b>\$ 105,315</b>

- a) Loan Payable 1 – On November 12, 2012, the Company entered into a loan agreement with an arm’s length party with interest rate at 25% per annum, and a maturity date of January 13, 2013. As amended in 2015, the interest rate has been reduced to 8% per annum. The loan is due on demand. During the year ended September 30, 2020, interest amounting to \$94,986 was settled with the issuance of 949,863 common shares of the Company. During the quarter ended December 31, 2020, the total outstanding principal of \$100,000 has been repaid.
- b) Loan Payable 2 – The Company entered into a loan agreement with an arm’s length party on May 2, 2016 with a maturity date of May 2, 2017 and interest rate at 10% per annum payable quarterly. Any unpaid amount including interest accrued after the maturity date would be subject to interest at 10% per annum. During the quarter ended December 31, 2020, the total outstanding has been repaid.
- c) The remainder of the loans payable are due on demand with no interest terms.

Loan payables are not secured against any assets of the Company. During the period ended June 30, 2021, the total outstanding has been repaid.

**9. CAPITAL STOCK**

- (a) Authorized
- Unlimited number of common shares without par value.  
Unlimited number of Class A cumulative shares with a par value of \$1 per share and with special rights and restrictions.  
Unlimited number of Class B non-cumulative shares with a par value of \$5 per share and with special rights and restrictions.
- (b) Issued
- Units issued for cash
- On October 21, 2020, the Company completed a private placement for gross proceeds of \$821,000 for 8,210,000 units at \$0.10 per unit. Each unit consists of one common share and one share purchase warrant to purchase one common share at \$0.18 expiring from one year of closing. The Company paid share issue costs of \$30,450 for finder’s fees, \$13,127 for legal and filing fees and \$1,106 for transfer agent fees.
- On February 22, 2021, the Company completed a private placement for gross proceeds of \$99,000 for 900,000 units at \$0.11 per unit. Each unit consists of one common share and one share purchase warrant to purchase one common share at \$0.18 expiring one year from closing. The Company incurred \$6,067 for legal, filing fee and transfer agent fees.

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**9. CAPITAL STOCK (Continued)**

(c) Flow-through shares Issued

During the period ended March 31, 2021, the Company received subscriptions for 888,889 flow-through shares through a private placement for proceeds of \$160,000 at a price of \$0.18 per share. The Company completed the issuance of these shares and incurred share issue costs of \$3,017 for legal and transfer agent fees.

**10. STOCK OPTIONS AND WARRANTS**

(a) Stock option plan

The Company adopted a stock option plan on April 20, 2012 (the "2012 Plan"). The 2012 Plan provides that the aggregate number of securities reserved for issuance, set aside and made available for issuance, may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options including all options granted by the Company to date.

The option price under each option is subject to a minimum of \$0.10 per share and shall not be less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than ten years after the grant date. Options granted to consultants engaged in investor relations activities shall vest in stages over a minimum period of twelve months with no more than 25% of the options vesting in any three-month period. All other options granted shall vest immediately.

(b) Stock options

A continuity schedule of the Company's outstanding stock options under the stock option plan is as follows:

	Number Outstanding	Weighted Average Exercise Price
Balance at September 30, 2019 and 2020	833,333	\$0.300
Granted	4,350,000	\$0.125
Cancelled	(833,333)	(\$0.300)
Balance at June 30, 2021	4,350,000	\$0.125

As at June 30, 2021, the Company had the following share purchase options outstanding and exercisable:

Expiry Date	Exercise Price	Options Outstanding	Average Fair Value at Grant Date	Remaining Contractual Life	Options Exercisable
November 5, 2030	\$ 0.125	4,350,000	\$ 0.147	9.35	4,350,000

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**10. STOCK OPTION AND WARRANTS (Continued)**

(b) Stock options (Continued)

As at September 30, 2020, the Company had the following share purchase options outstanding and exercisable:

Expiry Date	Exercise Price	Options Outstanding	Average Fair Value at Grant Date	Remaining Contractual Life	Options Exercisable
March 3, 2021	\$ 0.300	608,333	\$ 0.210	0.42	608,333
September 30, 2021	\$ 0.300	225,000	\$ 0.270	1.00	225,000
		833,333		1.58	833,333

The total fair value of the incentive options was calculated using the Black-Scholes option pricing model with the following weighted average assumptions and inputs:

Risk-free interest rate	0.77%
Expected volatility	144%
Expected life	10 years
Expected dividend yield	-
Share price	\$ 0.150
Exercise price	\$ 0.125
Expected forfeitures	0.00%

Expected stock price volatility was derived from an average volatility based on historical movements in the closing prices of the company's stock for a length of time equal to the expected life of the options.

Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0.00% in determining the expense recorded in the accompanying statements of comprehensive loss.

The fair value of the incentive options during the 9 months ended June 30, 2021 of \$639,450 was recognized as share-based payments. The balance consists of \$382,200 to directors and officers and \$257,250 to consultants.

(c) Warrants

On September 30, 2020, the Company issued 2,990,000 warrants included in units issued for conversion of promissory notes. Each warrant is exercisable at \$0.05 for a period of 2 year from date of issuance.

On October 21, 2020, the Company issued 8,210,000 warrants in connection with the unit private placement. Each warrant is exercisable for one common share at \$0.18 per share with an expiry of one year from the date of issuance.

On February 22, 2021, the Company issued 900,000 warrants in connection with the unit private placement. Each warrant is exercisable for one common share at \$0.18 per share with an expiry of one year from the date of issuance.

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**10. STOCK OPTION AND WARRANTS (Continued)**

(c) Warrants (Continued)

A continuity schedule of the Company's outstanding warrants is as follows:

	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>
Balance at September 30, 2019	-	\$ -
Issued – warrants for promissory notes conversion	2,990,000	0.050
Balance at September 30, 2020	2,990,000	0.050
Issued – warrants for private placements	9,110,000	0.180
Balance at June 30, 2021	12,100,000	\$ 0.148

**11. RELATED PARTY TRANSACTIONS**

Related party transactions not otherwise disclosed in the financial statements, are as follows:

(a) Key management compensation

Management fees paid during 3 and 9 months ended June 30, 2021 totaled \$25,500 and \$97,050 (3 and 9 months ended June 30, 2020 - \$Nil and \$18,000). \$18,000 and \$63,000 were paid to an officer of the Company for the 3 and 9 months ended June 30, 2021 (\$Nil and \$18,000 for the 3 and 9 months ended June 30, 2020) and \$7,500 and \$34,050 for the 3 and 9 months ended June 30, 2021 (\$Nil and \$Nil for the 3 and 9 months ended June 30, 2020) were paid to a Company controlled by an officer of the Company. During the quarter ended March 31, 2021, consulting fees of \$5,000 were paid to a Company controlled by an officer of the Company. During the quarter ended June 30, 2021, marketing expenses of \$10,000 (\$Nil – June 30, 2020) were paid to a Company controlled by an officer of the Company.

Share-based payment expenses consists of \$279,300 for directors and \$102,900 for an officer of the Company for stock options granted during the quarter ended December 31, 2020.

The Company has no termination benefits, post-employment benefits and other long-term employee benefits.

(b) Due to related parties

Due to related parties consist of expenses paid by a director and an officer of the Company. As at June 30, 2021, the amount due to a director totaled \$178 (September 30, 2020 - \$144). For the 3 months ended June 30, 2021, expenses totalled \$1,916 paid by officers on behalf of the Company consist of \$121 for office expense, \$254 for travel, \$257 for meals and \$1,284 for AGM fees. For the 9 months ended June 30, 2021, the expenses paid by officers on behalf of the Company include exploration expenses of \$12,516 (June 30, 2020 - \$Nil), expenses for office, travel and meals of \$11,551 (June 30, 2020 - \$3,334) and share issue costs of \$1,245 (June 30, 2020 - \$Nil). The balance due to related party is due on demand with no interest terms.

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**11. RELATED PARTY TRANSACTIONS (Continued)**

(c) Prepaid expenses

Prepaid expenses consist of management fees of \$8,800 for the month of July 2021 (June 30, 2020 - \$Nil). \$6,300 was paid to an officer of the Company and \$2,500 was paid to a Company controlled by an officer of the Company.

**12. CAPITAL DISCLOSURE**

The Company does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of capital stock and loan arrangements.

Capital requirements are driven by the Company's exploration activities on its mineral property interests and administrative overhead. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company strictly monitors actual expenses to budget on all exploration projects and overhead to ensure costs are controlled, commitments are met and exploration activities are completed.

The Company considers its capital under management to be its capital stock, loans payable and promissory notes payable, and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

**13. OPERATING SEGMENTS**

The Company has one industry segment, the exploration and development of mineral property interests. During the 9 months ended June 30, 2021, the Company operated one geographic segment in Canada.

**14. SUBSEQUENT EVENT**

The Company has entered into an agreement with a third party to establish a marketing program for a six-month period. The Company will pay a fee of \$100,000 plus GST over three stages during the term. The payment can be settled as shares for services with the value per share being the 7 day trading average on the TSXV preceding the settlement date. The agreement for the payment in common shares for services is subject to approval by the TSXV.