



## **STRIKEPOINT GOLD INC.**

Condensed Consolidated Interim Financial Statements

Nine Months Ended September 30, 2021 and 2020

(Unaudited)

These unaudited condensed consolidated interim financial statements of Strikepoint Gold Inc. for the nine months ended September 30, 2021 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

**STRIKEPOINT GOLD INC.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT

(Unaudited)

(Expressed in Canadian dollars)

	September 30, 2021	December 31, 2020
<b>ASSETS</b>		<i>Audited</i>
<b>Current</b>		
Cash and equivalents	\$ 6,684,801	\$ 6,204,877
Marketable securities (Note 3)	48,000	-
Receivables	218,537	98,622
Prepaid expenses and deposits	144,666	25,135
	7,096,004	6,328,634
<b>Reclamation bond</b>	49,000	49,000
	\$ 7,145,004	\$ 6,377,634
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 642,877	\$ 174,869
Flow-through share premium liability (Note 6(b))	528,683	571,429
	1,171,560	746,298
<b>Shareholders' equity</b>		
Share capital (Note 6)	49,174,110	45,147,022
Reserves (Note 6)	10,220,674	9,009,739
Deficit	(53,421,340)	(48,525,425)
	5,973,444	5,631,336
	\$ 7,145,004	\$ 6,377,634

**Nature of operations and going concern** (Note 1)**Commitments** (Note 4)**On behalf of the Board:**

"Shawn Khunkhun" Director  
Shawn KhunKhun

"Ian Harris" Director  
Ian Harris

See accompanying notes to these unaudited condensed consolidated interim financial statements

**STRIKEPOINT GOLD INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended Sept 30, 2021	Three months ended Sept 30, 2020	Nine months ended Sept 30, 2021	Nine months ended Sept 30, 2020
<b>EXPENSES</b>				
Consulting	\$ 31,250	\$ 24,763	\$ 59,250	\$ 59,763
Exploration costs (Notes 3, 4, & 5)	3,368,802	1,354,482	4,016,085	1,448,099
Management fees (Note 12)	95,000	80,000	185,000	155,000
Office	13,446	10,461	37,568	33,315
Professional fees	45,400	44,834	106,201	89,393
Property acquisition payments (Notes 4 & 7)	-	40,000	-	790,000
Rent	4,200	-	12,600	9,900
Share-based payments (Note 11(d))	71,806	926,074	1,203,623	1,052,800
Shareholder communication	86,966	127,415	229,354	210,107
Transfer agent and filing fees	23,254	3,689	64,330	42,077
Travel and related costs	-	-	-	5,564
<b>Loss from operations</b>	<b>(3,740,124)</b>	<b>(2,611,718)</b>	<b>(5,914,011)</b>	<b>(3,896,018)</b>
Gain on sale of mineral properties (Note 4)	-	-	97,000	710,000
Interest income	202	1,533	202,850	1,941
Realized gain (loss) on marketable securities (Note 3)	-	(196,920)	-	88,048
Flow-through share premium reversal (Note 6(b))	786,878	1,533	945,246	-
Unrealized gain (loss) on marketable securities (Note 3)	(29,000)	(461,172)	(29,000)	-
	758,080	<del>(656,559)</del>	1,018,096	<del>799,989</del>
<b>Income (loss) and comprehensive income (loss) for the period</b>	<b>\$ (2,982,044)</b>	<b>\$ (3,268,277)</b>	<b>\$ (4,895,915)</b>	<b>\$ (3,096,029)</b>
<b>Income (loss) per common share (basic and diluted)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding (basic and diluted)</b>	<b>207,346,886</b>	<b>132,478,839</b>	<b>197,631,582</b>	<b>131,324,993</b>

See accompanying notes to these unaudited condensed consolidated interim financial statements.

**STRIKEPOINT GOLD INC.**  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30,  
(Unaudited)  
(Expressed in Canadian dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income(loss) for the period	\$ (4,895,915)	\$ (3,096,029)
Items not affecting cash:		
Gain on sale of mineral properties	(97,000)	(710,000)
Issuance of shares for exploration asset	-	750,000
Share-based payments	1,203,623	1,052,800
Flow-through share premium reversal	(945,246)	-
Realized loss on marketable securities	-	(88,048)
Unrealized loss on marketable securities	29,000	-
Change in non-cash working capital items:		
Decrease in receivables	(119,915)	26,951
(Increase) decrease in prepaid expenses and deposits	(119,531)	(128,445)
Increase (decrease) in accounts payable and accrued liabilities	<u>468,008</u>	<u>745,228</u>
Net cash used in operating activities	<u>(4,476,976)</u>	<u>(1,447,543)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of exploration assets	20,000	50,000
Proceeds from the sale of marketable securities	<u>-</u>	<u>748,038</u>
Net cash provided by investing activities	<u>20,000</u>	<u>798,038</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issuance of shares, net	4,277,300	2,298,500
Proceeds from the exercise of options and warrants	<u>659,600</u>	<u>-</u>
Net cash provided by financing activities	<u>4,936,900</u>	<u>2,298,500</u>
<b>Change in cash and equivalents during the period</b>	479,924	1,649,005
<b>Cash and equivalents, beginning of period</b>	<u>6,204,877</u>	<u>432,110</u>
<b>Cash and equivalents, end of period</b>	<u>\$ 6,684,801</u>	<u>\$ 2,081,115</u>
<b>Cash and equivalents consists of:</b>		
Cash	\$ 6,584,801	\$ 981,115
Guaranteed Investment Certificates (less than 90 days)	<u>100,000</u>	<u>1,100,000</u>
	<u>\$ 6,684,801</u>	<u>\$ 2,081,115</u>

See accompanying notes to these unaudited condensed consolidated interim financial statements.

**STRIKEPOINT GOLD INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited)

(Expressed in Canadian dollars)

	<b>Share Capital</b>		<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
	<b>Number</b>	<b>Amount</b>			
Balance at December 31, 2019	110,558,436	\$ 37,290,702	\$ 8,073,704	\$ (44,840,469)	\$ 523,937
Shares issued for private placement, net	24,380,000	1,892,024	-	62,976	-
Shares issued for property acquisition	15,000,000	750,000	-	-	-
Shares issued for the exercise of options	3,650,000	350,726	-	(87,226)	-
Shares issued for the exercise of warrants	400,000	80,000	-	-	-
Share-based payments	-	-	-	1,052,800	-
Comprehensive income for the period	-	-	-	-	(3,096,029)
<b>Balance at September 30, 2020</b>	<b>153,988,436</b>	<b>\$ 40,283,452</b>	<b>\$ -</b>	<b>\$ 9,102,254</b>	<b>\$ (47,936,498)</b>
<b>Balance at December 31, 2020</b>	<b>185,998,886</b>	<b>\$ 45,147,022</b>	<b>\$ 9,009,739</b>	<b>\$ (48,525,425)</b>	<b>\$ 5,631,336</b>
Issuance of common shares	18,050,000	4,201,054	76,246	-	4,277,300
Flow-through premium liability (Note 6(b))	-	(902,500)	-	-	(902,500)
Shares issued for the exercise of warrants and options	3,298,000	728,534	(68,934)	-	659,600
Share-based payments	-	-	1,203,623	-	1,203,623
Comprehensive loss for the period	-	-	-	(4,895,915)	(4,895,915)
<b>Balance at September 30, 2021</b>	<b>207,346,886</b>	<b>\$ 49,174,110</b>	<b>\$ 10,220,674</b>	<b>\$ (53,421,340)</b>	<b>\$ 5,973,444</b>

See accompanying notes to these unaudited condensed consolidated interim financial statements.

## **STRIKEPOINT GOLD INC.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

StrikePoint Gold Inc. (the “Company”) is incorporated under the laws of the Province of Alberta and is listed on the TSX Venture Exchange under the symbol “SKP”. The Company is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves.

The Company’s head office and principle address is 300 - 1055 West Hastings Street, Vancouver, BC, V6E 2E9. The registered and records office is located at 2080 - 777 Hornby Street, Vancouver, BC, V6Z 1S4.

These unaudited condensed consolidated interim financial statements have been prepared by management on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its exploration projects by issuance of share capital or through joint ventures, and/or proceeds from the disposition of a property. As at September 30, 2021, the Company has an accumulated deficit of \$53,421,340 and has working capital of \$5,924,444.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

These unaudited condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

#### **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

These unaudited condensed consolidated interim financial statements were authorized for issue on November 29, 2021 by the directors of the Company.

##### ***Principles of consolidation***

These unaudited condensed consolidated interim financial statements include the accounts of its wholly-owned subsidiary Mount Rainey Silver Inc. (“Mount Rainey”) and its wholly-owned inactive subsidiary, Braveheart Gold Inc. All intercompany accounts and transactions have been eliminated on consolidation.

During January 2020, the Company acquired 100% of the shares of Mount Rainey from Skeena Resources Ltd. (“Skeena”), in conjunction with the acquisition of the Porter Idaho Property. Mount Rainey is the holder of the Porter Idaho Property and, as per the terms of the mineral property acquisition agreement, the Company acquired Mount Rainey and title to the Porter Idaho property by making the final payment of \$750,000 to Skeena by way of the issuance of 15,000,000 common shares of the Company to Skeena. All accounts of Mount Rainey have been consolidated into these financial statements. (Note 4(b)).

##### ***Basis of preparation***

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

## **STRIKEPOINT GOLD INC.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

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## **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)**

### ***Basis of preparation*** (cont'd)

These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and, therefore, should be read in conjunction with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2020. In particular, the Company's significant accounting policies where were presented in Note 2 to the consolidated financials for the fiscal year ended December 31, 2020 have been consistently applied in the preparation of the Company's condensed consolidated interim financial statements.

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

## **3. MARKETABLE SECURITIES**

- (a) During the nine months ended September 30, 2020, the Company received 3,000,000 common shares of American Creek Resources ("AMC"), a Canadian public company, with a fair value of \$210,000, as consideration for the sale of the Glacier Creek property. (Note 4(C))

During the nine months ended September 30, 2020, the Company sold 3,000,000 AMC shares for net proceeds of \$406,334 and, as a result, recorded a realized gain on marketable securities of \$196,335.

- (b) During the nine months ended September 30, 2020, the Company received 2,000,000 common shares of Sitka Gold Corp. ("Sitka") (Note 4(C)), a public company, with a fair value of \$450,000, as consideration for the sale of the Mahtin property. (Note 4(C)).

During the nine months ended September 30, 2020, the Company sold 2,000,000 Sitka shares for net proceeds of \$341,714 and, as a result, recorded a realized loss on marketable securities of \$88,049.

- (c) During the nine months ended September 30, 2021, the Company received 150,000 common shares of 1911 Gold Corp. (a Canadian public company) in conjunction with the sale of its Angelina property (Note 4(G)), with an initial fair value of \$77,000. At September 30, 2021, the fair value of the remaining 150,000 common shares was \$48,000 and, as a result, the Company recorded an unrealized loss on marketable securities of \$29,000.

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

**4. EXPLORATION AND EVALUATION PROPERTIES**

Exploration Costs	Willoughby Property (A)	Porter Idaho Property (Note (B)	Yukon Properties (C)	Other Properties (D, E, F, G)	Total – Nine months ended Sept 30, 2021
Drilling and assaying costs	\$ 1,632,460	\$ 254,328	\$ -	\$ -	\$ 1,886,788
Field costs	383,044	39,727	-	-	422,771
Geological personnel	348,016	32,165	-	-	380,181
Geological consulting	194,673	18,223	-	-	212,896
Helicopter and fuel	1,004,117	109,332	-	-	1,113,449
Total	\$ 3,562,310	\$ 453,775	\$ -	\$ -	\$ 4,016,085

Exploration Costs	Willoughby Property (A)	Porter Idaho Property (B)	Yukon Properties (C)	Other Properties (D, E, F, G)	Total – Nine months ended Sept 30, 2020
Drilling and assaying costs	\$ 436,794	\$ -	\$ -	\$ -	\$ 436,794
Field costs	90,019	-	-	-	90,019
Geological personnel	192,207	-	-	-	192,207
Geological consulting	346,569	3,013	-	-	349,582
Helicopter and fuel	379,497	-	-	-	379,497
Total	\$ 1,445,086	\$ 3,013	\$ -	\$ -	\$ 1,448,099

**A) WILLOUGHBY PROPERTY**

During April 2019, the Company acquired a 100% interest in the Willoughby property, located in northwestern British Columbia, from ArcWest Exploration Inc. (“ArcWest”) (formerly Sojourn Exploration Inc.), a Canadian public company, for a cash payments of \$10,000 (paid) and \$75,000 (paid) and the issuance of 3,000,000 common shares (issued and valued at \$420,000). During March 2019, the Company incurred a reclamation bond payment in the amount of \$39,000. During fiscal 2020, additional consideration of \$40,000 was paid in conjunction with the property purchase agreement.

ArcWest will retain a 1.5% net smelter return, which can be reduced by 0.50% for an additional \$1,000,000 cash payment.

**B) PORTER IDAHO PROPERTY**

On August 15, 2018 (and amended February 11, 2019), the Company completed an acquisition agreement regarding the Porter Idaho property, near Stewart, British Columbia, with Skeena Resources Limited (TSXV: SKE) (“Skeena”) (the “Porter Idaho Transaction”), whereby the Company purchased the property indirectly through the acquisition of all of the shares of Mount Rainey Silver Inc., a wholly-owned subsidiary of Skeena. The terms of the Porter Idaho Transaction are as follows:

- \$1,521,000 payable in cash to Skeena (\$250,000 was paid on completion of the Porter Idaho Transaction and \$521,000 was paid during the year ended December 31, 2019), with the final \$750,000 to be paid by December 31, 2019 in cash or in the equivalent value of common shares or special warrants of the Company, at the Company’s election. In January 2020, the Company made the final payment to Skeena by issuing 15,000,000 common shares (Note 6(b));
- issuance to Skeena of 7,100,000 Strikepoint common shares (issued August 15, 2018 – valued at \$1,136,000);

## **STRIKEPOINT GOLD INC.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

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#### **4. EXPLORATION AND EVALUATION PROPERTIES (cont'd)**

- issuance to Skeena of 2,400,000 special warrants of Strikepoint (issued August 15, 2018 – valued at \$384,000). These special warrants (converted on July 30, 2019) had a five-year term. Each special warrant was convertible into common shares of the Company for no additional consideration at the time of conversion.
- grant of 1% NSR on the property with the option to buy back 0.5% at a price of \$750,000.

The acquisition of Mount Rainey Silver Inc. is accounted for as an asset acquisition and closed on January 22, 2020 (Note 2).

#### **C) YUKON PROPERTIES**

On March 28, 2017, the Company signed a definitive agreement with IDM Mining Ltd. (“IDM”), now a wholly-owned subsidiary of Ascot Resources Ltd. (a Canadian public company), to purchase a 100% interest in a portfolio of claims and properties located in the Yukon, Canada. The terms of the agreement are as follows:

- pay \$150,000 in cash (paid);
- issue 10,500,000 common shares of the Company with a value of \$4,042,500 (issued); and
- incur \$1,500,000 in exploration expenditures by December 31, 2017 (incurred).

During the year ended December 31, 2020, the Company sold the Mahtin property to Sitka Gold Corp. in exchange for the issuance of 2 million shares to Strikepoint (received). The Company has retained a 1% NRS, which can be purchased for a cash payment of \$1 million. The Company recorded an accounting gain of \$450,000 on the sale of the Mahtin property.

Also during the year ended December 31, 2020, the Company sold the Glacier Creek property to American Creek Resources Ltd. in exchange for the issuance of 3 million common shares to Strikepoint (received) and a cash payment of \$50,000 (received). The Company has retained a 0.5% NSR, which can be purchased for a cash payment of \$500,000. The Company recorded an accounting gain of \$260,000 on the sale of the Glacier Creek property.

#### **D) HANDSOME JACK PROPERTY**

During August, 2018, the Company completed an acquisition agreement with Trifecta Gold Ltd. (TSXV: TG) (“Trifecta”) to purchase the Handsome Jack property, adjacent to the Porter Idaho property, near Stewart, British Columbia (the “Transaction”). The terms of the Transaction are as follows:

- \$25,000 payable in cash to Trifecta (paid);
- issuance to Trifecta of 250,000 Strikepoint common shares (issued – valued at \$42,500); and
- grant of 1% NSR on the property with the option to buy back 0.5% at a price of \$500,000.

**STRIKEPOINT GOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

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**4. EXPLORATION AND EVALUATION PROPERTIES (cont'd)****E) BIG, BADA AND BOOM PROPERTIES**

During September 2018, the Company acquired, by staking, the Big, Bada and Boom properties contiguous to its Porter Idaho and Handsome Jack properties near Stewart, BC. Staking costs totaled \$2,547.

**F) LOBSTICK PROPERTY – ONTARIO**

The Company owns a 100% interest in the Lobstick property located in the Lobstick area near the Lake of the Woods, Ontario. The Lobstick property is subject to a 3% net smelter return royalty upon commencement of commercial production, for which the Company may repurchase two-thirds of the 3% net smelter return royalty for \$1,000,000 for each one-third repurchased.

The Company must pay and issue to the former Optionor:

- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a technical report under National Instrument 43-101 demonstrating mineral resources on any part of the Lobstick Property; and
- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a positive, bankable feasibility study (as defined under National Instrument 43-101) with respect to any part of the Lobstick Property.

The property is on care and maintenance.

**G) ANGELINA PROPERTY - MANITOBA**

The Company's owned a 100% interest in the Angelina property, located in Rice Lake Belt, Manitoba. The property is on care and maintenance.

During June 2021, the Company sold this property to 1911 Gold Corp. ("1911"), a Canadian public company, for consideration comprised of a cash payment of \$20,000 (received), the receipt of 150,000 common shares of 1911 with a fair value of \$77,000 (received) and the retention of a 1% NSR

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2021	December 31, 2020
Accounts payable (Note 7)	\$ 642,877	\$ 131,869
Accrued liabilities	-	43,000
Total	\$ 642,877	\$ 174,869

**6. SHARE CAPITAL AND RESERVES****a) Authorized share capital**

As at September 30, 2021, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

## STRIKEPOINT GOLD INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

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#### 6. SHARE CAPITAL AND RESERVES (cont'd)

##### b) Issued share capital

###### Fiscal 2020

On January 22, 2020, the Company issued 15,000,000 common shares with a value of \$750,000 to Skeena as a final payment in conjunction with the acquisition of Mount Rainey Silver Inc. (Note 5(B)).

On July 23, 2020, the Company completed a non-brokered private placement for gross proceeds of \$1,955,000, consisting of 23,000,000 units at \$0.085 per unit. Each unit consists of one common share and ½ share purchase warrant, with each full warrant exercisable at \$0.12 per share, for a two-year period. In conjunction with the completion of the private placement, the Company issued 1,380,000 finder's shares valued at \$117,300 based on the fair value of the shares issued as well as 690,000 finder's warrants with the same attributes as the unit warrants, with a value of \$62,976 using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.30% and an expected volatility of 101.72%.

In October and November 2020, the Company completed non-brokered private placements for gross proceeds of \$5,282,995 consisting of 9,523,812 flow-through common share units at a price of \$0.21 per unit and 21,886,638 non-flow-through common share units at a price of \$0.15 per unit. Each unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.25 per share for a two-year period. The Company recognized a flow through premium liability of \$571,429 on issuance. To September 30, 2021, the Company expended \$2,000,000 of the \$2,000,000 flow-through funds raised on eligible exploration expenditures and, accordingly, the flow-through liability was derecognized by the amount of \$571,429. Finders' fees payable in connection with the financing consisted of \$75,597 cash and 389,694 finder's warrants, with a value of \$61,485 using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.30% and an expected volatility of 107.03%.

During the year ended December 31, 2020, 4,250,000 stock options were exercised for proceeds totalling \$347,500. Upon the exercise of options, \$241,226 was reclassified from reserves to share capital.

During the year ended December 31, 2020, 400,000 warrants were exercised for proceeds totalling \$80,000.

###### Fiscal 2021

On June 30, 2021, the Company completed a non-brokered private placement for gross proceeds of \$4,512,500, consisting of 18,050,000 flow-through common share units at a price of \$0.25 per unit. Each unit was comprised of one common share and ½ non-flow-through share purchase warrant, with each full warrant exercisable at \$0.35 per share, for an 18 month period. The Company recognized a flow through premium liability of \$902,500 on issuance. To September 30, 2021, the Company expended \$1,869,084 of the \$4,512,500 flow-through funds raised on eligible exploration expenditures and, accordingly, the flow-through liability of \$902,500 was derecognized by the amount of \$373,817. In conjunction with the completion of the private placement, the Company incurred finder's fees of \$235,200 and issued 972,000 finder's warrants exercisable at \$0.35 per warrant for an 18 month period, with a value of \$76,246 using the Black-Scholes Option Pricing model assuming an expected life of 18 months, expected dividend yield of 0%, a risk-free interest rate of 0.45% and an expected volatility of 116%.

During the nine months ended September 30, 2021, 2,898,000 warrants were exercised for proceeds totalling \$579,600. During the nine months ended September 30, 2021, 400,000 stock options were exercised for proceeds totalling \$80,000. Upon exercise of options, \$68,934 was reclassified from reserves to share capital.

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

**6. SHARE CAPITAL AND RESERVES (cont'd)**

## c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

Details of stock options outstanding and exercisable as at September 30, 2021 are as follows:

Number of Shares	Exercise Price	Expiry Date
500,000 *	\$0.20	October 25, 2021
2,050,000	\$0.20	May 9, 2022
1,650,000	\$0.20	September 25, 2023
1,700,000	\$0.20	June 12, 2024
1,200,000	\$0.20	July 31, 2024
4,775,000	\$0.20	August 3, 2025
200,000	\$0.20	September 9, 2025
2,000,000	\$0.20	March 10, 2026
4,850,000 **	\$0.25	June 6, 2026
<u>500,000</u>	<u>\$0.20</u>	<u>September 6, 2026</u>
19,425,000		

\*expired unexercised subsequent to September 30, 2021

\*\* 250,000 cancelled subsequent to September 30, 2021

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2019	9,800,000	\$ 0.18
Forfeited	(1,350,000)	0.05
Exercised	(4,250,000)	0.07
Granted	<u>9,475,000</u>	0.14
Balance, December 31, 2020	13,675,000	0.21
Exercised	(400,000)	0.20
Expired	(1,200,000)	0.15
Granted	<u>7,350,000</u>	0.23
Balance, September 30, 2021	<u>19,425,000</u>	\$ 0.21
Balance, exercisable, September 30, 2021	<u>19,425,000</u>	\$ 0.21

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

**6. SHARE CAPITAL AND RESERVES (cont'd)**

## d) Share-based payments

During September 2021, the Company granted stock options enabling the holder to acquire up to 500,000 common shares of the Company with a grant date fair value of \$0.20 per share. These stock options have an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$71,806 using the Black-Scholes option pricing model.

During June 2021, the Company granted stock options enabling the holders to acquire up to 4,850,000 common shares of the Company with a grant date fair value of \$0.17 per share. These stock options have an exercise price of \$0.25 per share, resulting in stock-based payments expense of \$841,940 using the Black-Scholes option pricing model.

During March 2021, the Company granted stock options enabling the holder to acquire up to 2,000,000 common shares of the Company with a grant date fair value of \$0.14 per share. These stock options have an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$289,877 using the Black-Scholes option pricing model.

During May 2020, the Company granted stock options enabling the holders to acquire up to 1,400,000 common shares of the Company with a grant date fair value of \$0.035 per share. These stock options have an exercise price of \$0.05 per share, resulting in stock-based payments expense of \$37,543 using the Black-Scholes option pricing model.

During January 2020, the Company granted stock options enabling the holders to acquire up to 2,700,000 common shares of the Company with a grant date fair value of \$0.04 per share. These stock options have an exercise price of \$0.05 per share, resulting in stock-based payments expense of \$89,183 using the Black-Scholes option pricing model.

The Company applies the fair value method using the Black-Scholes option pricing model to account for stock options granted to directors, officers and consultants. The following assumptions were used to calculate the weighted average fair value of the stock options granted during the period:

	2021	2020
Risk-free interest rate	0.89%	0.61%
Expected life of options	5 years	5 years
Annualized volatility	94%	118%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

**6. SHARE CAPITAL AND RESERVES (cont'd)**

## e) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019	37,557,771	\$ 0.23
Expired	(6,962,500)	0.36
Exercised	(400,000)	0.20
Issued	<u>43,990,144</u>	0.21
Balance, December 31, 2020	74,185,415	\$ 0.21
Exercised	(2,898,000)	0.20
Issued	<u>9,997,000</u>	0.35
Balance, September 30, 2021	<u>81,284,415</u>	\$ 0.23

Details of warrants outstanding and exercisable as at September 30, 2021 are as follows:

Number of Shares	Exercise Price	Expiry Date
11,531,788	\$0.20	April 7, 2022
15,497,983	\$0.20	July 21, 2022
12,190,000	\$0.20	July 22, 2022
267,500	\$0.20	July 30, 2022
26,752,524	\$0.25	October 1, 2022
5,047,620	\$0.25	November 12, 2022
<u>9,997,000</u>	<u>\$0.35</u>	<u>December 30, 2022</u>
<u>81,284,415</u>		

**7. RELATED PARTY TRANSACTIONS**

During the nine months ended September 30, 2021, the Company entered into the following transactions with related parties:

- Paid or accrued management fees of \$185,000 (2020 - \$155,000) to the CEO of the Company.
- Paid or accrued professional fees of \$72,500 (2020 - \$58,500) to a company controlled by the Corporate Secretary of the Company.
- Paid or accrued geological consulting fees of \$27,000 (2020 - \$27,000) to a company controlled by a director of the Company and \$591,710 (2020 - \$273,128) to a company controlled by the Company's vice-president of exploration.
- Incurred share-based payment expense of \$607,586 (2020 - \$Nil) to directors and officers of the Company.

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

**7. RELATED PARTY TRANSACTIONS (cont'd)**

Key management personnel compensation disclosed above (including senior officers and certain directors of the Company):

	September 30, 2021	September 30, 2020
Short-term benefits	\$ 1,483,796	\$ 513,628

As at September 30, 2021, accounts payable and accrued liabilities included \$146,816 (December 31, 2020 - \$24,000) due to related parties.

**8. FINANCIAL INSTRUMENTS AND RISK FACTORS***Fair value*

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

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

The Company's financial instruments include cash, receivables and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair value. Cash is measured based on Level 1 inputs of the fair value hierarchy.

The following is an analysis of the Company's financial assets measured at fair value as at September 30, 2021 and December 31, 2020:

	As at September 30, 2021		
	Level 1	Level 2	Level 3
Cash and equivalents	\$ 6,684,801	\$ -	\$ -

	As at December 31, 2020		
	Level 1	Level 2	Level 3
Cash and equivalents	\$ 6,204,877	\$ -	\$ -

## **STRIKEPOINT GOLD INC.**

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

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#### **8. FINANCIAL INSTRUMENTS AND RISK FACTORS (cont'd)**

##### *Risk factors*

The Company is exposed in varying degrees to a variety of financial instrument related risks.

##### *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. The Company has cash balances but no interest-bearing debt. The bank account is held with a major Canadian bank. As all of the Company's cash and equivalents are held by one bank, there is a concentration of credit risk with the bank. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

##### *Currency Risk*

Currency risk is the risk that arises from the change in price of one currency against another. The Company operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

##### *Interest Rate Risk*

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt, therefore, interest rate risk is nominal.

##### *Liquidity Risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk have been assessed as high.

**STRIKEPOINT GOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2021

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**9. CAPITAL MANAGEMENT**

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 exploration and development of its exploration and evaluation interests, acquire additional exploration and evaluation interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

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.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

**10. SEGMENTED INFORMATION**

The primary business of the Company is the acquisition and exploration of mineral properties in Canada.