



CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	As at August 31, 2021 \$	As at August 31, 2020 \$
ASSETS			
Current assets			
Cash	3	2,571,328	4,264,224
Recoverable from Joint Venture Partner	5	192,230	-
Amounts receivable and prepaid expenses	4	97,286	28,750
		2,860,844	4,292,974
Reclamation bond		26,172	24,172
Exploration and evaluation properties	5	4,878,419	3,874,688
Total Assets		7,765,435	8,191,834
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities		79,643	285,216
Loans payable	6	-	40,000
Amounts due to related parties	7	-	114,033
Total Liabilities		79,643	439,249
SHAREHOLDERS' EQUITY			
Share capital	8	17,958,623	16,657,488
Subscriptions receivable		(185,875)	(76,500)
Reserves	8	2,241,778	3,022,847
Accumulated deficit		(12,328,734)	(11,851,250)
Total shareholders' equity		7,685,792	7,752,585
Total Shareholders' Equity and Liabilities		7,765,435	8,191,834

Nature and Continuance of Operations (Note 1)

Commitments and Contingency (Note 10)

Events Occurring After the Reporting Date (Note 15)

These consolidated financial statements are authorized for issuance by the Board of Directors on December 20, 2021.

On behalf of the Board:

"Jim MacKenzie" Director

"William Macdonald" Director

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Notes	Year Ended August 31, 2021 \$	Year Ended August 31, 2020 \$
Expenses			
Bank charges, interest and fees		3,639	2,038
Consulting and management compensation	7	540,254	623,938
Insurance		49,753	46,299
Legal and accounting	7	161,253	127,351
Office and miscellaneous		19,872	10,092
Promotion		510,265	119,918
Share-based payments	7,8,9	520,928	1,061,117
Transfer agent and filing fees		28,092	19,542
Travel		1,422	2,559
Total expenses		(1,835,478)	(2,012,854)
Other income			
Government assistance	6	10,000	-
Interest Income		6,745	-
Centerra management fees	5	85,200	-
Net loss		(1,733,533)	(2,012,854)
Foreign exchange gain		1,226	22,827
Interest and penalties		-	(112,827)
Net loss and comprehensive loss		(1,732,307)	(2,102,854)
Loss per share, basic and diluted		(0.02)	(0.04)
Weighted average number of common shares outstanding, basic and diluted		83,375,966	56,203,279

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year Ended August 31, 2021	Year Ended August 31, 2020
	\$	\$
Cash flows used in operating activities		
Net loss for the year	(1,732,307)	(2,102,854)
Adjustments for non-cash items:		
Interest expense	-	100,000
Government assistance	(10,000)	-
Share-based payments	520,928	1,061,117
Foreign exchange	-	22,827
Changes in operating assets and liabilities:		
Related parties	(114,033)	146,108
Receivable and prepaid expenses	(68,536)	(9,518)
Recoverable from Joint Venture Partner	(192,230)	-
Reclamation bond	(2,000)	-
Trade payables and accrued liabilities	(110,573)	(145,201)
	(1,708,751)	(927,521)
Cash flows used in investing activities		
Reclamation Bond	-	(2,722)
Exploration and evaluation properties expenditures	(1,077,730)	(11,445)
	(1,077,730)	(14,167)
Cash flows from financing activities		
Issuance of common shares	-	5,423,730
Issuance of common shares-warrants exercised	1,097,845	795,200
Issuance of common shares-options exercised	25,740	-
Government assistance	(30,000)	-
Proceeds from loans	-	94,700
Loans repaid	-	(404,700)
Share issuance costs	-	(229,302)
	1,093,585	5,679,628
Increase/(decrease) in cash	(1,692,896)	4,239,792
Cash, beginning of year	4,264,224	24,432
Cash, end of year	2,571,328	4,264,224

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED AUGUST 31, 2021
(Expressed in Canadian dollars)

	Notes	Number of Shares	Share Capital \$	Warrant Reserve \$	Option Reserve \$	Subscriptions Receivable \$	Deficit \$	Total \$
Balance - August 31, 2019		53,841,129	10,464,337	242,717	1,426,122	-	(9,748,396)	2,384,780
Common shares issued for private placement	9	23,958,333	5,750,000	-	-	(24,000)	-	5,726,000
Common shares issued for exploration and evaluation properties	5, 9	994,000	263,570	-	-	-	-	263,570
Exercise of warrants	9	2,422,000	847,700	-	-	(52,500)	-	795,200
Share issue costs	9	-	(668,119)	292,891	-	-	-	(375,228)
Share based payments		-	-	-	1,061,117	-	-	1,061,117
Net loss year to date		-	-	-	-	-	(2,102,854)	(2,102,854)
Balance - August 31, 2020		81,215,462	16,657,488	535,608	2,487,239	(76,500)	(11,851,250)	7,752,585
Exercise of options	8D	117,000	45,490	-	(19,750)	-	-	25,740
Shares issued for mineral property		50,000	21,000	-	-	-	-	21,000
Expiry of options		-	-	-	(296,214)	-	296,214	-
Adjustment expiry of Options		-	-	-	(715,866)	-	715,866	-
Exercise of warrants	8C	3,567,000	1,234,645	(27,425)	-	(109,375)	-	1,097,845
Adjustment expiry of warrants		-	-	(242,742)	-	-	242,742	-
Share based payments options issued	8D	-	-	-	520,928	-	-	520,928
Net loss year to date		-	-	-	-	-	(1,732,306)	(1,732,306)
Balance - August 31, 2021		84,949,462	17,958,623	265,441	1,976,337	(185,875)	(12,328,734)	7,685,792

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

1. Nature and Continuance of Operations

Viscount Mining Corp. (the “Company”) was incorporated under the British Columbia Business Corporations Act on October 26, 2011. The Company’s registered office is located at 409 - 221 W. Esplanade, North Vancouver BC, V7M 3J3. The Company is listed on the TSX Venture Exchange (TSX-V”) and trades under the symbol “VML”.

The Company is an exploration stage company, and its principal business activity is natural resource exploration, focusing on resources located in the states of Nevada and Colorado in the USA. Mining and exploration involve a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to conduct its planned exploration, meet its administrative overhead and maintain its resource interests.

The Company had cash of \$2,571,328 on August 31, 2021 (2020 - \$4,264,224) and working capital of \$2,781,201 (2020 - \$3,853,725), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. For the year ended August 31, 2021, the Company had no source of operating revenues, incurred an operating loss of \$1,732,307 (2020 - \$2,102,854) and, as at that date, had an accumulated deficit of \$12,328,734 (2020 - \$11,851,250).

Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these consolidated financial statements it would be necessary to restate the Company’s assets and liabilities on a liquidation basis.

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. A situation that continues at the time of these statements being published. This contagious disease outbreak, which has continued to spread, 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 ability to raise funds.

The recoverability of the Company’s investment in and expenditures on resource properties is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of resource interests.

2. Significant Accounting Policies

Statement of Compliance

The consolidated financial statements of the Company, including comparatives, have been prepared in accordance with and using accounting policies in full compliance 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”), effective for the Company’s reporting for the year ended August 31, 2021.

Basis of Preparation

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified as fair value through profit and loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

2. Significant Accounting Policies (continued)

Basis of Consolidation

The Company's consolidated financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity (including a special purpose entity) controlled by the Company, where control is achieved by the Company having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. A subsidiary is fully consolidated from the date on which control is obtained by the Company and is de-consolidated from the date that control ceases.

The following subsidiaries have been consolidated for all dates presented within these financial statements, and are wholly owned: Viscount Mining Resources Ltd., Viscount Nevada Holdings Ltd. ("Viscount Nevada") and Viscount Colorado Holdings Ltd. ("Viscount Colorado").

All significant inter-company transactions, balances, income and expenses are eliminated on consolidation.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Recoverability of Capitalized Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company and the maintenance of good standing of the mineral titles, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include the share price on the measurement date, exercise price of the options, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Exploration and evaluation properties

Once a license to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized as exploration and evaluation properties on a property by property basis. At such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, the capitalized exploration and evaluation costs are transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost.

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are de-recognized, with any gain or loss included in profit or loss in the period the transfer takes place. No initial value is assigned to any retained royalty interest.

When entitled, the Company records mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the properties.

Management assesses the exploration and evaluation assets for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The assessment is based on the development program, the nature of the mineral deposit, commodity prices and the Company's intentions and ability for development of the undeveloped property. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at August 31, 2021 and 2020, the Company had no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management

2. Significant Accounting Policies (continued)

determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principle and interest on the principle amount outstanding, and it is not designated as FVTPL. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise. The Company's cash is classified as FVTPL.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. None of the Company's financial assets are classified as FVTOCI.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. The Company's financial assets at amortized cost comprise reclamation bonds.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of loss and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

(ii) Financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortized cost which include trade payables and accrued liabilities, loans payable, and amounts due to related parties. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

(iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured 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 loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's receivables the Company has no material loss allowance as at August 31, 2021 and 2020.

Per Share Information

Basic income (loss) per share amounts are calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

2. Significant Accounting Policies (continued)

Diluted income/loss per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of warrants and stock options (Note 8).

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest. When options are cancelled or expire, the remaining amount in the stock option reserve for the specific grant is transferred to retained earnings (deficit).

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is based on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Significant Accounting Policies (continued)

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statement of financial position date.

Foreign Currencies

The Company's reporting currency and the functional currency of all of its operations and its subsidiaries is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

New and revised standards and interpretations

There are no new IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. Cash

	As at August 31, 2021	As at August 31, 2020
	\$	\$
Denominated in Canadian dollars	2,417,827	4,256,232
Denominated in US dollars	153,501	7,992
	<u>2,571,328</u>	<u>4,264,224</u>

4. Amounts Receivable and Prepaid Expenses

Amounts receivable and prepaid expenses consist of the following:

	As at August 31, 2021	As at August 31, 2020
	\$	\$
Goods and Services Tax receivable	10,815	5,640
Prepaid exploration-Colorado drilling deposit	43,355	-
Prepaid insurance and travel expenses	43,116	23,110
	<u>97,286</u>	<u>28,750</u>

Amounts receivable are non-interest bearing, unsecured and have settlement dates within one year.

5. Exploration and Evaluation Properties

Exploration and evaluation expenditures by project for the years ended August 31, 2021 and August 31, 2020 are as follows:

	As at August 31, 2021	As at August 31, 2020
	\$	\$
Nevada Properties		
Acquisition and exploration costs	3,119,590	2,126,778
Recoveries	(1,679,159)	(787,575)
Colorado properties		
Acquisition and exploration costs	3,496,548	2,578,826
Recoveries	(58,560)	(43,341)
Nevada Properties	<u>4,878,419</u>	<u>3,874,688</u>

A summary of the changes in the Company's exploration and evaluation properties for the years ended August 31, 2021 and 2020 are as follows:

Nevada Properties, described collectively as the Cherry Creek Project, is focused on exploration in the immediate vicinity of an area commonly known as the Cherry Creek Mining District, located approximately 50 miles north of the town of Ely, in White Pine County, Nevada.

In January 2021 Viscount entered into an exploration earn-in agreement with a wholly owned subsidiary of Centerra Gold Inc. to earn up to a 70% interest in the Cherry Creek Project.

Under terms of the Agreement Centerra has the right to acquire a 70% interest in the Property through (a) making annual payments totaling US\$250,000 over a 4-year period, and (b) spending US\$8,000,000 on mineral exploration costs on the Property over 4 years. If Centerra's option vests, then Viscount and Centerra will enter into a joint venture agreement.

Centerra would hold an initial interest of 70% in the Joint Venture, including the Property and any properties in the Area of Interest, and Viscount would hold an initial interest of 30% in the Joint Venture, including the Property and any properties in the Area of Interest. To maintain their respective percentage interest, each Party would then, upon provision of a reasonable amount of notice, contribute on a pro rata basis to further exploration and any potential development or mining on the Property and/or the properties within the Area of Interest.

The Parties would, in the Joint Venture Agreement, establish a management committee for which the representation of each Party will, at a minimum, be in proportion to its percentage interest in the Joint Venture. This management committee will propose and determine the exploration and potential development of mining on the Property and/or the properties within the Area of Interest.

Initially, Viscount will be the project manager for the exploration program, with Centerra providing funding in advance. As project manager Viscount earns operating fees of 10% on all project expenditures. Any unexpended funding is represented as a liability. At August 31, 2021 the Company had made expenditures in excess of advances received and Centerra owed the Company \$192,230 (US\$152,400).

Colorado Properties, described collectively as Silver Cliff.

On August 13, 2014, the Company entered into an option agreement (the "Silver Cliff Agreement") with David C. and Debra J. Knight Living Trust (the "Owner"), whereby the Owner has agreed to grant an option to the Company to acquire an undivided 100% interest in the Silver Cliff project (the "Silver Cliff Property"), effective September 15, 2014. Pursuant to the agreement, as amended, the Company agreed to the following:

- 1) Issuing to the Owner 200,000 shares and 200,000 warrants (issued).

- 2) Payments made on behalf of the Owner for claim rental fees due to the U.S. Bureau of Land Management (“BLM”). All payments to the BLM are current.
- 3) Making payments to the Owner in the aggregate amount of US\$3,000,000 plus a cost-of-living adjustment effective from the anniversary payment. As of August 31, 2021, all amounts under the contract have been paid. Remaining option payments, which require cost of living adjustments to be added, are as follows:
 - US\$100,000 on the seventh anniversary, September 15, 2021, issued (Note 16);
 - US\$100,000 on the eighth anniversary, September 15, 2022,
 - US\$100,000 on the ninth anniversary, September 15, 2023;
 - US\$100,000 on the tenth anniversary, September 15, 2024;
 - US\$150,000 on the eleventh anniversary, September 15, 2025;
 - US\$200,000 on the twelfth anniversary, September 15, 2026; and
 - Paying the remaining outstanding balance of the required US\$3,000,000.
- 4) The Company entered into a series of amending agreements in fiscal 2020 to delay the fifth anniversary payment. Pursuant to these amendments the Company issued 949,000 common shares valued at \$253,670 and paid cash of US\$5,000.
- 5) Royalty payments to the Owner of 2% of the net smelter returns (“NSR”) and issuance of an additional 550,000 shares and 550,000 warrants upon the commencement of commercial production.
- 6) The Company agreed to issue Kingsmere Mining Ltd. a finder’s fee of 500,000 shares. As of August 31, 2021, 200,000 shares have been issued. The remaining shares will be issued as follows:
 - a. 50,000 shares on the seventh anniversary, September 15, 2021, issued (Note 16);
 - b. 75,000 shares on the eighth anniversary, September 15, 2022;
 - c. 75,000 shares on the ninth anniversary, September 15, 2023;
 - d. 100,000 shares on the tenth anniversary, September 15, 2024.
- 7) In fiscal 2017 the Company increased its land holding at the Silver Cliff project by signing a series of mineral lease agreements. As of August 31, 2021, US\$420,099 has been paid. The remaining option payments are as follows:
 - a. US\$91,500 on the fifth anniversary, between May 12 and June 5, 2022;
 - b. US\$96,000 on the sixth anniversary, between May 12 and June 5, 2023;
 - c. US\$111,500 on the seventh anniversary, between May 12 and June 5, 2024;
 - d. US\$147,000 on the eighth anniversary, between May 12 and June 5, 2025;
 - e. US\$198,040 on the ninth anniversary, between May 12 and June 5, 2026;
 - f. US\$1,208,000 on the tenth anniversary, between May 12 and June 5, 2027.

6. Loans payable

During fiscal 2020, the Company borrowed \$40,000 from the Government of Canada under a COVID relief program. On November 4, 2020, the Company repaid the loan net of forgiveness of \$10,000.

7. Related Party Transactions

On August 31, 2021, the balance due to related parties, who are officers, directors and/or shareholders, was \$Nil (August 31, 2020 - \$114,033). Amounts owing relate to consulting services and advances on behalf of the Company provide by the related parties or by companies they controlled.

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The key management personnel compensation for the year ended August 31, 2021 and 2020, are summarized as follows:

	As at August 31, 2021 Consulting fees or Salary	As at August 31, 2020 Consulting fees or Salary
	\$	\$
Chief Executive Officer/Director	225,000	310,000
Chief Financial Officer	92,000	72,000
Director/Managers	117,000	90,000
Director/Chief Geologist	61,773	-
Director legal fees	25,570	4,436
Stock based compensation	222,452	639,734
	743,795	1,116,170

During the year ended August 31, 2021, \$6,742 related party consulting fees were capitalized in exploration and evaluation properties (2020 – \$Nil). Consulting fees of \$165,077 (2020 - \$99,321) were paid or accrued to related parties.

8. Share Capital

A. Authorized

On August 31, 2021, the authorized share capital consists of an unlimited number of common shares without par value and without special rights or restrictions attached and an unlimited number of preferred shares without par value and with special rights or restrictions.

B. Issued and Outstanding

On August 31, 2021, the total issued, and outstanding share capital was 84,949,462 common shares with no par value (August 31, 2020 – 81,215,462).

Share capital transactions of the Company during the year ended August 31, 2021, and year ended August 31, 2020, are summarized as follows:

- a) During the year ended August 31, 2021, 3,684,000 warrants and options were exercised between \$0.22 and \$0.35 per share for gross proceeds of \$1,232,960. Of this amount, \$109,375 remained unpaid and is reflected as subscriptions receivable at August 31, 2021. The warrant reserve was reduced by \$27,425 and share capital was increased by the same amount related to recognition of the exercise of certain warrants.
- b) During the year ended August 31, 2020, the Company entered into extension agreements related to the Silver Cliff property (Note 5) whereby the Company issued 949,000 common shares valued at \$253,670 to extend payments due on the Colorado properties.
- c) On August 5, 2020, the Company closed its non-brokered private placement and issued 23,958,333 units of the Company at a price of \$0.24 per unit for gross proceeds of \$5,750,000 of which \$302,270 was paid for through a reduction of accounts payable and \$24,000 remains receivable. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional share at a price of \$0.32 for a term of two years. In connection with the closing, the Company paid cash commissions of \$375,228 and issued 1,539,687 finder's warrants with a fair value of \$292,891, using the Black Scholes valuation methodology assuming a risk-free interest rate of 0.27% per annum, an expected life of 2 years, volatility of 84.99%, and no expected dividend. The finder's warrants have the same terms as the unit warrants.

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- d) In August 2020, 2,422,000 \$0.35 warrants were exercised for gross proceeds of \$847,700 of which \$52,500 remains receivable.
- e) On December 2, 2019, the Company issued 45,000 common shares valued at \$9,900 to Kingsmere Mining Ltd. in accordance with the Finders Fees agreement between the Company and Kingsmere (Note 5).

C. Warrants

The following is a summary of the changes in the Company's share purchase warrants for the years ended August 31, 2021, and August 31, 2020:

	August 31, 2021		August 31, 2020	
	Number of Warrants Outstanding	Weighted average exercise price \$	Number of Warrants Outstanding	Weighted average exercise price \$
Outstanding, beginning of year	29,434,020	0.32	8,986,000	0.35
Exercised warrants	(3,567,000)	0.34	(2,422,000)	0.35
Expired warrants	(1,510,000)	0.35	(2,628,000)	0.35
Warrants issued	-	-	25,498,020	0.32
Finders warrants issued (Note	-	-	-	-
Outstanding, end of year	24,357,020	0.32	29,434,020	0.32

Stock Option Plan

The Company's stock option plan (the "Plan") allows the Company to issue options to certain directors, officers, employees, and consultants of the Company. Options issued under the Plan shall not exceed 10% of the shares issued and outstanding at the time of granting of the options. Options granted under the Plan may have a maximum term of ten years. Stock options granted under the Plan may be subject to vesting terms, which may be imposed at the discretion of the directors.

- a) During the year ended August 31, 2021, 117,000 options were exercised at \$0.22 for proceeds of \$25,740, in addition share capital was increased and the option reserve was reduced by \$19,750.
- b) On January 25, 2021, the Company issued 1,000,000 five-year options at an exercise price of \$0.375 to officers, directors and consultants. The options were valued at \$261,708, using the Black Scholes valuation methodology assuming a risk-free interest rate of 0.42% per annum, an expected life of 5 years, volatility of 79.88%, and no expected dividend.
- c) On March 29, 2021, the Company issued 700,000 five-year options at an exercise price of \$0.375 to consultants. The options were valued at \$154,458, using the Black Scholes valuation methodology assuming a risk-free interest rate of 0.42% per annum, an expected life of 5 years, volatility of 79.83%, and no expected dividend.
- d) On October 16, 2020, the Company issued 400,000 five-year options at an exercise price \$0.40 to consultants. The options were valued at \$104,762, using the Black Scholes valuation methodology assuming a risk-free interest rate of 0.32% per annum, an expected life of 5 years, volatility of 105.62%, and no expected dividend.
- e) On August 31, 2020, 3,800,000 five-year options were issued at an exercise price of \$0.40 to officers, directors, and consultants. The options were valued at \$1,056,952, using the Black Scholes valuation methodology assuming a risk-free interest rate of 0.37% per annum, an expected life of 5 years, volatility of 179.37%, and no expected dividend.

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- f) On August 5, 2020, 250,000 five-year options were issued at an exercise price of \$0.40 were issued for services. The options were valued at \$41,758 using the Black Scholes valuation methodology assuming a risk-free interest rate of 0.27% per annum, an expected life of 2 months, volatility of 84.99%, and no expected dividend.

The following is a summary of the changes in the Company's stock options for the year ended August 31, 2021 and 2020:

	August 31, 2021		August 31, 2020	
	Number of Options Outstanding	Weighted average exercise price	Number of Options Outstanding	Weighted average exercise price
		\$		\$
Outstanding, beginning of year	6,500,800	0.38	4,220,800	0.30
Cancelled/Expired	(780,000)	0.51	(1,770,000)	0.57
Exercised	(117,000)	0.22	-	-
Granted	2,100,000	0.38	4,050,000	0.40
Outstanding, end of year	7,703,800	0.37	6,500,800	0.30

9. Supplemental Cash Flow Information

- During the year ended August 31, 2021, 50,000 common shares valued at \$21,000 issued for exploration and evaluation properties (year August 31, 2020 – 994,000 shares valued at \$263,570).
- During the year ended August 31, 2021, an additional \$109,375 (August 31, 2020 - \$76,500) was added to share subscriptions receivable for a total of \$185,875 remaining in share subscriptions receivable.
- The Company recorded a fair value reversal on the exercise of warrants in the amount of \$27,425.
- During the year, the Company transferred \$242,742 from warrant reserves into deficit for warrants that had expired in previous years.
- The Company recorded a fair value reversal on the exercise of stock options in the amount of \$19,750.
- The Company recorded a fair value reversal on the expiry of stock options in the amount of \$296,214.
- During the year, the Company transferred \$715,866 from option reserves into deficit for stock options that had expired in previous years.
- Included in trade payables and accrued liabilities on August 31, 2021 was nil (August 31, 2020 - \$94,999) incurred on exploration and evaluation expenditures.
- Included in accounts payable is share issuance costs of nil (August 31, 2020 - \$145,926).

10. Commitments and Contingency

The Company is committed to making cash payments, incurring exploration expenditures and/or issuing common shares pursuant to its exploration and evaluation property agreements (Note 5).

11. Capital Management

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company manages the capital structure and adjusts it in light of changes in the economic conditions and the risk characteristics of the underlying assets. The Company manages its capital structure through the issuance of new shares, acquisition or

disposition of assets or adjustment of cash. The Company does not have any major capital expenditures committed for the coming year. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

12. Financial Instruments and Risk Management

(a) Overview

The Company has exposure to credit risk, liquidity risk, foreign currency risk, and market risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through investing its cash with high-credit quality financial institutions.

The carrying value of the Company's financial instruments represent the maximum exposure to credit risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company endeavors to ensure that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business and savings accounts with high-credit quality financial institutions which are available on demand by the Company for its programs. At August 31, 2021, the Company had a cash balance of \$2,571,328, to settle current liabilities of \$79,643. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(e) Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash. However, the Company does not hold any interest-bearing debt. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash balances mature impact interest income earned.

(f) Foreign Currency Risk

As at August 31, 2021, the Company's expenditures are in Canadian dollars and US dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company's foreign currency risk relates to cash of US\$114,360 denominated in US dollars and accounts payable of US\$66,085 in US dollars. At August 31, 2021, assuming that all other variables remain constant, a

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1% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately \$585 in the Company's pre-tax income or loss.

g) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. The Company manages its capital structure through the issuance of new shares, acquisition or disposition of assets or adjustment of cash. The Company does not have any major capital expenditures committed for the coming year. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

(h) Fair Value

The fair value of the Company's financial assets and liabilities approximates their carrying amounts.

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 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.

All of the Company's financial instruments, excluding cash, have a fair value approximating their carrying value due to their short-term nature. Cash is carried at fair value and is measured using level 1 inputs.

13. Segmented Information

The Company's only business activity is exploration and evaluation of exploration and evaluation properties. This activity is carried out in the USA.

The breakdown of geographic area for the year ended August 31, 2021 and 2020 is as follows:

Year ended August 31, 2021	Canada	USA	Total
	\$	\$	\$
Net loss	1,732,307	-	1,732,307
Current assets	2,860,844	-	2,860,844
Reclamation bond	-	26,172	26,172
Exploration and evaluation properties	-	4,878,419	4,878,419
Total assets	2,860,844	4,904,591	7,765,435
Year ended August 31, 2020	Canada	USA	Total
	\$	\$	\$
Net loss	2,102,854	-	2,102,854
Current assets	4,292,974	-	4,292,974
Reclamation bond	-	24,172	24,172
Exploration and evaluation properties	-	3,874,688	3,874,688
Total assets	4,292,974	3,898,860	8,191,834

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14. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	For the Three months Year Ended August 31, 2021	For the Three months Year Ended August 31, 2020
Loss for the year	\$ (1,732,307)	\$ (2,102,854)
Expected income tax (recovery)	\$ (468,000)	\$ (568,000)
Change in statutory, foreign tax, foreign exchange rates and other	1,000	-
Permanent differences	141,000	284,000
Share issue cost	-	(101,000)
Change in unrecognized deductible	326,000	385,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	August 31, 2021	August 31, 2020
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ 85,000	\$ 85,000
Property and equipment	1,000	1,000
Share issue costs	65,000	90,000
Non-capital losses available for future period	3,033,000	2,681,000
	3,184,000	2,857,000
Unrecognized deferred tax assets	(3,184,000)	(2,857,000)
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 312,000	No expiry date	\$ 312,000	No expiry date
Property and equipment	4,000	No expiry date	4,000	No expiry date
Share issue costs	240,000	2040 to 2044	332,000	2040 to 2043
Non-capital losses available for future periods	11,232,000	2031 to 2041	9,930,000	2031 to 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

15. Events Occurring after the Reporting Date

Warrant holders exercised 250,000 warrants at \$0.32 for total proceeds of \$80,000.

The US\$100,000 eighth anniversary payment was made in accordance with the Silver Cliff Agreement on September 15, 2021 (Note 5 (3)).

The 50,000 shares were issued to on September 15, 2021, in accordance with the Silver Cliff Agreement (Note 5 (6)).