



**CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

**May 31, 2021 and May 31, 2020  
(Unaudited)**

*(Expressed in Canadian Dollars)*

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

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Viscount Mining Corp. for the Nine months ended May 31, 2021 and 2020, 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 condensed interim consolidated financial statements.

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

**VISCOUNT MINING CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)  
(Unaudited)

|   | Notes | As at<br>May 31, 2021<br>\$ | As at<br>August 31, 2020<br>\$ |
|---|-------|-----------------------------|--------------------------------|
| <b>ASSETS</b>                                     |       |                             |                                |
| <b>Current assets</b>                             |       |                             |                                |
| Cash  | 3     | 3,142,955                   | 4,264,224                      |
| Amounts receivable and prepaid expenses           | 4     | 91,844                      | 28,750                         |
|   |       | 3,234,799                   | 4,292,974                      |
| <b>Reclamation bond</b>                           |       | 26,172                      | 24,172                         |
| <b>Exploration and evaluation properties</b>      | 5     | 4,741,929                   | 3,874,688                      |
| <b>Total Assets</b>                               |       | 8,002,900                   | 8,191,834                      |
| <b>LIABILITIES</b>                                |       |                             |                                |
| <b>Current liabilities</b>                        |       |                             |                                |
| Trade payables and accrued liabilities            |       | 114,128                     | 285,216                        |
| Advance from Joint Venture Partner                | 5     | 61,738                      | -                              |
| Loans payable                                     | 6     | -                           | 40,000                         |
| Amounts due to related parties                    | 7     | 3,000                       | 114,033                        |
| <b>Total Liabilities</b>                          |       | 178,866                     | 439,249                        |
| <b>SHAREHOLDERS' EQUITY</b>                       |       |                             |                                |
| Share capital                                     | 8     | 17,808,278                  | 16,657,488                     |
| Subscriptions receivable                          |       | (185,875)                   | (76,500)                       |
| Reserves  | 8     | 2,196,554                   | 3,022,847                      |
| Accumulated deficit                               |       | (11,994,923)                | (11,851,250)                   |
| <b>Total shareholders' equity</b>                 |       | 7,824,034                   | 7,752,585                      |
| <b>Total Shareholders' Equity and Liabilities</b> |       | 8,002,900                   | 8,191,834                      |

**Nature and Continuance of Operations** (Note 1)

**Commitments and Contingency** (Note 10)

These condensed interim consolidated financial statements are authorized for issuance by the Board of Directors on July 28, 2021

**On behalf of the Board:**

"Jim MacKenzie" Director

"William Macdonald" Director

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

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

|  |       | Nine Months Ended  | Nine Months Ended | Three Months Ended | Three Months Ended |
|--|-------|--------------------|-------------------|--------------------|--------------------|
|  | Notes | May 31, 2021       | May 31, 2020      | May 31, 2021       | May 31, 2020       |
|  |       | \$                 | \$                | \$                 | \$                 |
| <b>Expenses</b>  |       |                    |                   |                    |                    |
| Bank charges, interest and fees  |       | 3,704              | 884               | 2,974              | 525                |
| Consulting   | 7     | 403,592            | 319,730           | 249,136            | 287,156            |
| Insurance  |       | 43,419             | 37,026            | 29,755             | 22,856             |
| Interest and penalties   |       | (1,374)            | 259,076           | (1,237)            | 142                |
| Legal and accounting   | 7     | 115,150            | 60,987            | 71,683             | 65,739             |
| Office and miscellaneous   |       | 14,803             | 7,398             | 4,523              | 6,640              |
| Promotion  |       | 430,266            | 42,489            | 156,291            | 19,338             |
| Share-based payments   | 8,9   | 416,166            | -                 | 416,166            |                    |
| Transfer agent and filing fees   |       | 23,881             | 17,223            | 16,807             | 17,146             |
| Travel   |       | -                  | 2,559             | -                  | 2,559              |
| <b>Total expenses</b>  |       | <b>(1,449,607)</b> | <b>(747,372)</b>  | <b>(946,098)</b>   | <b>(422,101)</b>   |
| <b>Other income</b>  |       |                    |                   |                    |                    |
| Government assistance  | 6     | 10,000             | -                 | -                  | -                  |
| Centerra mgnt fees   | 5     | 94,085             | -                 | 94,085             | -                  |
| <b>Net loss</b>  |       | <b>(1,345,522)</b> | <b>(747,372)</b>  | <b>(852,013)</b>   | <b>(422,101)</b>   |
| Foreign exchange gain  |       | 4,473              | 449               | 2,081              | 738                |
| <b>Net loss and comprehensive loss</b>   |       | <b>(1,341,049)</b> | <b>(746,923)</b>  | <b>(849,932)</b>   | <b>(421,363)</b>   |
| <b>Loss per share, basic and diluted</b>                                       |       | <b>(0.02)</b>      | <b>(0.01)</b>     | <b>(0.02)</b>      | <b>(0.01)</b>      |
| <b>Weighted average number of common shares outstanding, basic and diluted</b> |       | <b>82,117,394</b>  | <b>54,360,750</b> | <b>54,360,750</b>  | <b>53,841,129</b>  |

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

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

|  | Nine Months Ended<br>May 31, 2021 | Nine Months Ended<br>May 31, 2020 |
|--|-----------------------------------|-----------------------------------|
|  | \$                                | \$                                |
| <b>Cash flows used in operating activities</b>     |                                   |                                   |
| Net loss for the year                              | (1,341,049)                       | (746,923)                         |
| Adjustments for non-cash items:                    |                                   |                                   |
| Government assistance                              | (10,000)                          | -                                 |
| Share-based payments                               | 416,166                           | 224,000                           |
| Changes in operating assets and liabilities:       |                                   |                                   |
| Related parties                                    | (111,033)                         | 241,525                           |
| Receivable and prepaid expenses                    | (63,094)                          | 16,611                            |
| Advance from Joint Venture Partner                 | 61,738                            | -                                 |
| Reclamation bond                                   | (2,000)                           | -                                 |
| Trade payables and accrued liabilities             | (171,088)                         | 163,712                           |
|  | <b>(1,220,360)</b>                | <b>(101,075)</b>                  |
| <b>Cash flows used in investing activities</b>     |                                   |                                   |
| Exploration and evaluation properties expenditures | (867,241)                         | (11,445)                          |
|  | <b>(867,241)</b>                  | <b>(11,445)</b>                   |
| <b>Cash flows from financing activities</b>        |                                   |                                   |
| Issuance of common shares                          | 996,332                           | 20,460                            |
| Government assistance                              | (30,000)                          | -                                 |
| Proceeds from loans                                | -                                 | 100,000                           |
|  | <b>966,332</b>                    | <b>120,460</b>                    |
| <b>Decrease in cash</b>                            | <b>(1,121,269)</b>                | <b>7,940</b>                      |
| <b>Cash, beginning of period</b>                   | <b>4,264,224</b>                  | <b>24,432</b>                     |
| <b>Cash , end of period</b>                        | <b>3,142,955</b>                  | <b>32,372</b>                     |

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

**VISCOUNT MINING CORP.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MAY 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

|  | Notes | Number of<br>Shares | Share<br>Capital  | Warrant<br>Reserve | Option<br>Reserve | Subscriptions<br>Receivable | Deficit             | Total            |
|--|-------|---------------------|-------------------|--------------------|-------------------|-----------------------------|---------------------|------------------|
|  |       |                     | \$                | \$                 | \$                | \$                          | \$                  | \$               |
| <b>Balance - August 31, 2019</b>                               |       | <b>53,841,129</b>   | <b>10,464,337</b> | <b>242,717</b>     | <b>1,426,122</b>  | <b>-</b>                    | <b>(9,748,396)</b>  | <b>2,384,780</b> |
| Common shares issued for private placement                     |       | 66,000              | 20,460            | -                  | -                 | -                           | -                   | 20,460           |
| Common shares issued for exploration and evaluation properties |       | 45,000              | 9,900             | -                  | -                 | -                           | -                   | 9,900            |
| Share based payments   |       | 850,000             | 224,000           | -                  | -                 | -                           | -                   | 224,000          |
| Net loss year to date  |       | -                   | -                 | -                  | -                 | -                           | (746,923)           | (746,923)        |
| <b>Balance - May, 2020</b>                                     |       | <b>54,802,129</b>   | <b>10,718,697</b> | <b>242,717</b>     | <b>1,426,122</b>  | <b>-</b>                    | <b>(10,495,319)</b> | <b>1,892,217</b> |
| <b>Balance - August 31, 2020</b>                               |       | <b>81,215,462</b>   | <b>16,657,488</b> | <b>535,608</b>     | <b>2,487,239</b>  | <b>(76,500)</b>             | <b>(11,851,250)</b> | <b>7,752,585</b> |
| Exercise of options  | 8D    | 117,000             | 45,490            | -                  | (19,750)          | -                           | -                   | 25,740           |
| Adjustment expiry of Options                                   |       | -                   | -                 | -                  | (954,637)         | -                           | 954,637             | -                |
| Exercise of warrants   | 8C    | 3,219,333           | 1,105,300         | (25,333)           | -                 | (109,375)                   | -                   | 970,592          |
| Adjustment expiry of warrants                                  |       | -                   | -                 | (242,739)          | -                 | -                           | 242,739             | -                |
| Share issue costs  |       | -                   | -                 | -                  | -                 | -                           | -                   | -                |
| Share based payments options issued                            | 8D    | -                   | -                 | -                  | 416,166           | -                           | -                   | 416,166          |
| Net loss year to date  |       | -                   | -                 | -                  | -                 | -                           | (1,341,049)         | (1,341,049)      |
| <b>Balance - May 31, 2021</b>                                  |       | <b>84,551,795</b>   | <b>17,808,278</b> | <b>267,536</b>     | <b>1,929,018</b>  | <b>(185,875)</b>            | <b>(11,994,923)</b> | <b>7,824,034</b> |

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

## **VISCOUNT MINING CORP.**

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

May 31, 2021

(Unaudited)

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#### **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 \$3,142,955 on May 31, 2021 (August 31, 2020 - \$4,264,224) and working capital of \$3,055,933 (August 31, 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 nine-month period ended May 30, 2021, the Company had no source of operating revenues, incurred an operating loss of \$1,341,049 (year ended August 31, 2020 - \$746,923) and, as at that date, had an accumulated deficit of \$11,994,923 (August 31, 2020, deficit of - \$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**

These condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 – Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended August 31, 2020, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements have been prepared following the same accounting policies applied to the Company’s audited August 31, 2020 financial statements.

##### **Basis of Preparation**

These condensed interim 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 condensed interim 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.

**VISCOUNT MINING CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2021

(Unaudited)

**3. Cash**

|                                 | As at<br>May 31, 2021 | As at<br>August 31, 2020 |
|---------------------------------|-----------------------|--------------------------|
|                                 | \$                    | \$                       |
| Denominated in Canadian dollars | 2,963,325             | 4,256,232                |
| Denominated in US dollars       | 179,630               | 7,992                    |
|                                 | <u>3,142,955</u>      | <u>4,264,224</u>         |

**4. Amounts Receivable and Prepaid Expenses**

Amounts receivable and prepaid expenses consist of the following:

|   | As at<br>May 31, 2021 | As at<br>August 31, 2020 |
|---|-----------------------|--------------------------|
|   | \$                    | \$                       |
| Goods and Services Tax receivable             | 38,975                | 5,640                    |
| Prepaid exploration-Colorado drilling deposit | 65,000                | -                        |
| Prepaid insurance and travel expenses         | 22,563                | 23,110                   |
|   | <u>91,843</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 as at February 28, 2021 and August 31, 2020 are as follows:

|  | Nine Months Ended<br>May 31, 2021 | Year ended<br>August 31, 2020 |
|--|-----------------------------------|-------------------------------|
|  | \$                                | \$                            |
| <b>Balance beginning of year</b>         | 3,874,688                         | 3,197,211                     |
| Property acquisitions                    | 117,092                           | 583,542                       |
| Staking new claims and claim maintenance | 68,450                            | 88,733                        |
| Consulting (Note 8)                      | 214,637                           | 16,598                        |
| Drilling and other                       | 467,062                           | 334                           |
| Recoveries                               | -                                 | (11,730)                      |
| <b>Total</b>                             | <u>4,741,929</u>                  | <u>3,874,688</u>              |

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

|                                   | As at<br>May 31, 2021 | As at<br>August 31, 2020 |
|-----------------------------------|-----------------------|--------------------------|
|                                   | \$                    | \$                       |
| <b>Nevada Properties</b>          |                       |                          |
| Acquisition and exploration costs | 2,488,627             | 2,126,778                |
| Recoveries                        | (1,101,312)           | (787,575)                |
| <b>Colorado properties</b>        |                       |                          |
| Acquisition and exploration costs | 3,413,174             | 2,578,826                |
| Recoveries                        | (58,560)              | (43,341)                 |
| <b>Total</b>                      | <u>4,741,929</u>      | <u>3,874,688</u>         |

**VISCOUNT MINING CORP.**

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

May 31, 2021

(Unaudited)

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**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. Any unexpended funding is represented as a liability. At May 31, 2021 the Company had advances from Centerra of \$61,738 to be spent on ongoing exploration programs.

As project manager Viscount earns operating fees of 5% on drilling and other significant costs and 10% of non-drilling expenditures.

**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 sixth anniversary payment. As of May 31, 2020, all amounts under the contract totaling US\$125,000 have been paid. Remaining option payments will require cost of living adjustments to be added are as follows:
  - a. US\$75,000 on the sixth anniversary, September 15, 2021;
  - b. US\$100,000 on the seventh anniversary, September 15, 2021;
  - c. US\$100,000 on the eighth anniversary, September 15, 2022;
  - d. US\$100,000 on the ninth anniversary, September 15, 2023;
  - e. US\$100,000 on the tenth anniversary, September 15, 2024;
  - f. US\$150,000 on the eleventh anniversary, September 15, 2025;
  - g. US\$200,000 on the twelfth anniversary, September 15, 2026; and
  - h. 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.

**VISCOUNT MINING CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2021

**(Unaudited)**

- 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 May 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;
  - 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 May 30, 2021, US\$457,100 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\$146,730 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 May 31, 2021, the balance due to related parties, who are officers, directors and/or shareholders, was \$3,000 (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 and for loans to the Company by related parties. The amounts owed to related parties are summarized as follows:

|  | <b>As at</b>        | <b>As at</b>           |
|--|---------------------|------------------------|
|  | <b>May 31, 2021</b> | <b>August 31, 2020</b> |
|  | <b>\$</b>           | <b>\$</b>              |
| Chief Executive Officer, Director and an immediate family member | -                   | 83,937                 |
| Chief Financial Officer  | -                   | 59,208                 |
| Chief Geologist  | -                   | 50,889                 |
| Directors  | 3,000               | 112,050                |
|  | <b>3,000</b>        | <b>306,084</b>         |

**VISCOUNT MINING CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2021

(Unaudited)

The key management personnel compensation for the nine-month period ended May 31, 2021, and 2020, are summarized as follows:

|                                  | <b>May 31, 2021</b> | <b>May 31, 2020</b> |
|----------------------------------|---------------------|---------------------|
|                                  | \$                  | \$                  |
| Chief Executive Officer/Director | 197,700             |                     |
| Chief Financial Officer          | 58,000              | 54,000              |
| Director/Manager                 | 74,500              |                     |
| Director/Chief Geologist         | 12,743              |                     |
| Directors                        | 7,000               | 259,200             |
| Director/Legal fees              | 7,118               | 1,290               |
| Stock based compensation         | 222,452             | -                   |
|                                  | <u>579,513</u>      | <u>314,490</u>      |

During the nine months period ended May 31, 2021, \$6,742 (2020 - \$Nil) are capitalized in exploration and evaluation properties for geologist services provided by a director.

**8. Share Capital****A. Authorized**

On May 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 May 31, 2021, the total issued, and outstanding share capital was 84,551,795 common shares with no par value (August 31, 2020 – 81,215,462).

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

- a) During the Nine months ended May 31, 2021, 3,219,333 warrants were exercised between \$0.28 and \$0.35 per share for gross proceeds of \$1,105,330. Of this amount, \$185,875 remained unpaid and is reflected as subscriptions receivable at May 31, 2021. The warrant reserve was reduced by \$268,072 and share capital was increased by the same amount related to recognition of the exercise of certain warrants.
- b) During the Nine months ended May 31, 2021, 117,000 options were exercised at \$0.22 per common share gross proceeds of \$45,490. The option reserve was reduced by \$19,750 and share capital was increased by the same amount related to recognise the exercise of these options.
- c) During the year ended August 30, 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.
- d) 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.

**VISCOUNT MINING CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2021

(Unaudited)

**C. Warrants**

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

|                                | <b>May 31, 2021</b> |                       | <b>August 31, 2020</b> |                       |
|--------------------------------|---------------------|-----------------------|------------------------|-----------------------|
|                                | <b>Number of</b>    | <b>Weighted</b>       | <b>Number of</b>       | <b>Weighted</b>       |
|                                | <b>Warrants</b>     | <b>average</b>        | <b>Warrants</b>        | <b>average</b>        |
|                                | <b>Outstanding</b>  | <b>exercise price</b> | <b>Outstanding</b>     | <b>exercise price</b> |
|                                |                     | <b>\$</b>             |                        | <b>\$</b>             |
| Outstanding, beginning of year | 29,434,020          | 0.32                  | 8,986,000              | 0.35                  |
| Exercised warrants             | (1,635,000)         | 0.34                  | (2,422,000)            | 0.35                  |
| Expired warrants               | (2,901,000)         | 0.35                  | (2,628,000)            | 0.35                  |
| Warrants issued                | -                   | -                     | 25,498,020             | 0.32                  |
| Outstanding, end of period     | 24,898,020          | 0.32                  | 29,434,020             | 0.32                  |

**D. 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) 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.
- b) 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.
- c) During the Nine months ended May 31, 2021, 117,000 options were exercised at \$0.22 for proceeds of \$25,740.
- d) 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.
- e) 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.
- f) On January 22, 2019, 971,000 five-year options were issued at an exercise price of \$0.22 to officers, directors and consultants. The options were valued at \$163,875, using the Black Scholes valuation methodology assuming a risk-free interest rate of 1.89% per annum, an expected life of 5 years, volatility of 99.67%, and no expected dividend.

**VISCOUNT MINING CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2021

(Unaudited)

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

|                                | <b>May 31, 2021</b>                          |  | <b>August 31, 2020</b>                       |  |
|--------------------------------|--|--|--|--|
|                                | <b>Number of<br/>Options<br/>Outstanding</b> | <b>Weighted<br/>average<br/>exercise price</b> | <b>Number of<br/>Options<br/>Outstanding</b> | <b>Weighted<br/>average<br/>exercise price</b> |
|                                |  | \$   |  | \$   |
| Outstanding, beginning of year | 6,500,800                                    | 0.30   | 4,220,800                                    | 0.30   |
| Cancelled/Expired              | (525,000)                                    | 0.57   | (1,770,000)                                  | 0.57   |
| Exercised                      | (117,000)                                    | 0.22   | -  | -  |
| Granted                        | 2,100,000                                    | 0.40   | 4,050,000                                    | 0.40   |
| Outstanding, end of period     | 7,958,800                                    | 0.38   | 6,500,800                                    | 0.30   |

**9. Supplemental Cash Flow Information**

The Company issued warrants for share issue costs valued at \$Nil (2020 - \$292,891), as part of a private placement.

**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 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.

**12. Financial Instruments and Risk Management****Fair values**

The Company's financial instruments are cash, accounts receivable, trade payables, deferred recoveries, amounts due to related parties and subscriptions receivable. The Company's cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The fair values of the Company's remaining financial instruments approximate carrying value, due to the short term to maturity.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk. Details are set out in the Company's August 31, 2020, audited consolidated financial statements.

**VISCOUNT MINING CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2021

(Unaudited)

**13. Segmented Information**

| <b>Nine months ended May 31, 2021</b> | <b>Canada</b>    | <b>USA</b>       | <b>Total</b>     |
|---------------------------------------|------------------|------------------|------------------|
|                                       | <b>\$</b>        | <b>\$</b>        | <b>\$</b>        |
| Net loss                              | 1,341,049        | -                | 1,341,049        |
| Current assets                        | 3,234,799        | -                | 3,234,799        |
| Reclamation bond                      | -                | 26,172           | 26,172           |
| Exploration and evaluation properties | -                | 4,741,929        | 4,741,929        |
| <b>Total assets</b>                   | <b>3,234,799</b> | <b>4,768,101</b> | <b>8,002,900</b> |
| <br>                                  |                  |                  |                  |
| <b>Year ended August 31, 2020</b>     | <b>Canada</b>    | <b>USA</b>       | <b>Total</b>     |
|                                       | <b>\$</b>        | <b>\$</b>        | <b>\$</b>        |
| 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        |
| <b>Total assets</b>                   | <b>4,292,974</b> | <b>3,898,860</b> | <b>8,191,834</b> |

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