



**American Eagle Gold Corp.
(formerly Pacific Precious Inc.)**

Unaudited

Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars unless otherwise indicated)

Management’s responsibility for financial reporting

The accompanying condensed interim financial statements of American Eagle Gold Corp. (formerly Pacific Precious Inc.) (the “Company” or “American Eagle”) were prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. The significant accounting policies of the Company are summarized in Note 3 of the condensed interim consolidated financial statements.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim consolidated financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of September 30, 2021 and for the periods presented by the condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Management’s assessment of internal control over financial reporting (“ICFR”)

Management is also responsible for establishing and maintaining adequate internal control over the Company’s financial reporting. The internal control system was designed to provide reasonable assurance to the Company’s management regarding the preparation and presentation of the financial statements.

(“signed”)
(Stephen Stewart)
CEO

(“signed”)
(Jeffrey Potwarka)
CFO

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying condensed interim consolidated financial statements of the Company 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 in accordance with standards established by the Institute of Chartered Professional Accountants for a review of condensed interim consolidated financial statements by an entity’s auditor.

American Eagle Gold Corp. (Previously named Pacific Precious Inc.)
Condensed Interim Consolidated Statements of Financial Position

As at
(Expressed in Canadian dollars)

	Notes	September 30, 2021	December 31, 2020
ASSETS			
Current			
Cash		\$ 2,107,199	\$ 136,237
GST/HST receivable		77,587	4,405
Surface management bond		17,178	-
Due from related party	11	11,478	-
Prepaid expenses		17,595	8,750
Total current assets		2,231,037	149,392
Investment	5,6	325,000	725,000
TOTAL ASSETS		\$ 2,556,037	\$ 874,392
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 28,713	\$ 18,560
Share subscription liability	10	-	25,000
TOTAL LIABILITIES		28,713	43,560
SHAREHOLDERS' EQUITY			
Share capital	10	5,483,349	2,613,857
Share-based payment reserve	10	1,321,983	-
Deficit		(4,278,008)	(1,783,025)
TOTAL SHAREHOLDERS' EQUITY		2,527,324	830,832
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,556,037	\$ 874,392

Nature of operations and going concern (Notes 1 and 2)
Commitments and contingencies (Notes 7 and 12)

Approved on behalf of the Directors:

"Alex Stewart"

Alex Stewart – Director

"Stephen" Stewart"

Stephen Stewart – Director

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

American Eagle Gold Corp. (previously named Pacific Precious Inc.)
Condensed Interim Consolidated Statements of (Loss) and Comprehensive (Loss)
(Expressed in Canadian dollars)

<i>(Unaudited)</i>	Notes	Nine months ended September 30,		Three months ended September 30,	
		2021	2020	2021	2020
Expenses					
Exploration and evaluation expenses	6,7,11	\$ 680,077	\$ 1,457,132	\$ 408,504	\$ 1,447,287
Consulting and management fees	11	202,145	-	70,002	-
Office, rent and general		13,065	704	7,152	271
Audit, accounting and legal	11	173,366	27,528	14,606	7,828
Filing fees		42,864	12,500	4,595	12,500
Shareholder relations		327,760	-	27,118	-
Stock-based compensation	10	655,706	-	-	-
Gain on disposal of subsidiary		-	(33,561)	-	(33,561)
Unrealized loss on investment	5	400,000	(325,000)	50,000	(325,000)
Total Expenses		2,494,983	1,139,303	581,977	1,109,325
Net (loss) from operations for the period		(2,494,983)	(1,139,303)	(581,977)	(1,109,325)
Net comprehensive (loss) for the period		\$ (2,494,983)	\$ (1,139,303)	\$ (581,977)	\$ (1,109,325)
Weighted average number of shares, basic and diluted		52,388,493	33,010,071	52,388,493	33,010,071
(Loss) per share, basic and diluted		\$ (0.05)	\$ (0.03)	\$ (0.01)	\$ (0.03)

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

American Eagle Gold Corp. (previously named Pacific Precious Inc.)
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital				
	Number of shares	Amount	Share-based Payment Reserve	Deficit	Total
Balance at December 31, 2019	31,000,000	\$ 487,600	\$ -	\$ (405,894)	\$ 81,706
Loss for the period	-	-	-	(1,139,303)	(1,139,303)
Shares issued for acquisition of Orefinders shares	6,349,398	600,000	-	-	600,000
Shares issued on private placement	1,100,000	110,000	-	-	110,000
Share issuance costs	-	(1,200)	-	-	(1,200)
Acquisition of Golden Trend property option (note 6)	-	1,417,457	-	-	1,417,457
Balance at September 30, 2020	38,449,398	\$ 2,613,857	\$ -	(1,545,197)	1,068,660
Loss for the period	-	-	-	(237,828)	(237,828)
Balance at December 31, 2020	38,449,398	\$ 2,613,857	\$ -	\$ (1,783,025)	\$ 830,832
Loss for the period	-	-	-	(2,494,983)	(2,494,983)
Shares issued for exploration and evaluation expense	200,000	34,000	-	-	34,000
Shares issued on private placement	17,991,149	3,598,230	-	-	3,598,230
Fair market value of warrants	-	(577,000)	577,000	-	-
Brokers units issued	315,000	63,000	13,344	-	76,344
Broker warrants issued	-	-	75,933	-	75,933
Share issue costs	-	(248,738)	-	-	(248,738)
Stock-based compensation	-	-	655,706	-	655,706
Balance at September 30, 2021	56,755,547	\$ 5,483,349	\$ 1,321,983	\$ (4,278,008)	\$ 2,527,324

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

American Eagle Gold Corp. (previously named Pacific Precious Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

<i>(Unaudited)</i>	Nine months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020
Cash provided by (used in):				
Operating activities				
Loss for the period	\$ (2,494,983)	\$ (1,139,303)	\$ (581,977)	\$ (1,109,325)
Adjustments for:				
Shares issued for exploration and evaluation expense	34,000	-	34,000	-
Acquisition of Golden Trend property option	-	1,417,457	-	1,417,457
Unrealized loss (gain) on investment	400,000	(325,000)	50,000	(325,000)
Stock-based compensation	655,706	-	-	-
Changes in non-cash working capital items				
GST/HST receivable	(73,182)	4,736	(13,179)	129
Surface management bond	(17,178)	-	(17,178)	-
Prepaid expenses	(8,845)	-	22,631	-
Accounts payable and accrued liabilities	10,153	(12,914)	17,020	(10,205)
Net cash (used in) operating activities	(1,494,329)	(55,024)	(488,683)	(26,944)
Financing activities				
Issuance of common shares	3,598,230	110,000	-	110,000
Share issue costs	(96,461)	(1,200)	-	(1,200)
Share subscription liability	(25,000)	-	-	-
Due to related party	-	(8,829)	-	(12,327)
Net cash provided by financing activities	3,476,769	99,971	-	96,473
Investing activities				
Due from related party	(11,478)	-	(5,926)	-
Net cash (used in) by investing activities	(11,478)	-	(5,926)	-
Net Increase (Decrease) in Cash	1,970,962	44,947	(494,609)	69,529
Cash, Beginning of Period	136,237	114,812	2,601,808	90,230
Cash, End of Period	\$ 2,107,199	\$ 159,759	\$ 2,107,199	\$ 159,759
Supplemental information:				
Brokers units and warrants issued	\$ 89,277	\$ -	\$ -	\$ -

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

American Eagle Gold Corp. (previously named Pacific Precious Inc.)

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

American Eagle Gold Corp. (“American Eagle Gold” or “Company”), was incorporated under the Business Corporations Act (Canada) on June 22, 2018. The Company’s principal business is the acquisition and exploration of mineral properties. To date, the Company has not earned revenue as it is in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing. On July 1, 2018, the Company acquired 100% of common shares of Kraip Energy Ltd (“Kraip”), a Papua New Guinea corporation. On July 8, 2020, the 100% interest in Kraip was sold (see Note 6).

The head and principal office of the Company is located at 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7.

2. GOING CONCERN

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company’s exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company’s property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company has raised funds during the nine months ended September 30, 2021 and will utilize these funds for its exploration programs and working capital requirements. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at September 30, 2021, the Company had working capital of \$2,202,324 (December 31, 2020 - \$105,832) and an accumulated deficit of \$4,278,008 (December 31, 2020 - \$1,783,025).

The Company has no proven history of performance, earnings or success. However, management believes that the Company has sufficient working capital and investments to continue operating over the next 12 months.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these condensed interim consolidated financial statements. Such adjustments could be material.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance

The condensed interim consolidated financial statements for the nine months ended September 30, 2021 were prepared in accordance with IAS 34 International Accounting Standard – “Interim Financial Reporting” (IAS 34) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) have been condensed or omitted. The significant judgments made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Corporation’s audited annual financial statements for the year ended December 31, 2020, except as disclosed under changes to significant accounting policies, and should be read in conjunction with those financial statements. Actual results may differ from estimated results due to differences between estimated or anticipated events and actual events and results.

Basis of presentation

The consolidated financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, except for certain financial instruments which are measured at fair value as explained in the accounting policies.

Basis of consolidation

The consolidated financial statements include the financial statements of American Eagle and its wholly-controlled subsidiary Kraip Energy Ltd. (“Kraip”) up until the July 8, 2020 disposition. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the interim condensed consolidated statements of loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated through the consolidation process.

Functional and presentation currency

The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the Company’s functional and presentation currency. The functional currency of the Company’s subsidiary is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Exchange differences are recognized in operations in the period in which they arise.

Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

(a) Estimation of decommissioning and restoration costs and timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company’s interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

American Eagle Gold Corp. (previously named Pacific Precious Inc.)

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals.

(b) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(c) Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

Exploration and evaluation expenditures

Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

Government tax credits are recorded as a reduction to exploration expense.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

American Eagle Gold Corp. (previously named Pacific Precious Inc.)

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of income (loss).

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the condensed interim consolidated statements of loss.

Subsequent measurement - Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the condensed interim consolidated statements of financial position with changes in fair value recognized in other income or expense in the condensed interim consolidated statements of loss. The Company's shares of Orefinders are measured at FVPL.

Subsequent measurement - Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company has no assets measured at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no

American Eagle Gold Corp. (previously named Pacific Precious Inc.)

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and due to related party, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement - financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the condensed interim consolidated statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the condensed interim consolidated statements of loss.

Financial instruments fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Income tax

Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income 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 tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Asset retirement obligations (“ARO”)

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss. The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at September 30, 2021 and December 31, 2020.

Share-based payments

The Company has adopted an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized 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. Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments issued at the grant date. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates market and 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 eventually vest.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

At the date of authorization of these consolidated financial statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

5. INVESTMENTS

	No. of Shares	September 30, 2021	December 31, 2020
Cost of investments in publicly listed company:	5,000,000	\$ 600,000	\$ 600,000
Provision for unrealized gains included in accumulated other comprehensive loss		(275,000)	125,000
		\$ 325,000	\$ 725,000

See Note 11

American Eagle Gold Corp. (previously named Pacific Precious Inc.)

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

6. SETTLEMENT AGREEMENT

On July 8, 2020, the Company entered into a share exchange agreement and issued 6,349,398 common shares of the Company in exchange for 5,000,000 common shares of Orefinders Resources Inc. (“Orefinders”). The value of the shares issued and received was estimated to be \$600,000 based on the quoted market price of the Orefinders shares acquired at the transaction date. Certain shareholders of the Company (the “Original Shareholders”) agreed to transfer all of their 15,000,000 common shares of the Company to Standard Ore Corporation (a corporation controlled by a director of the Company). In exchange, Standard Ore Corporation assigned the property option agreement on the Golden Trend property to the Company (see Note 7). This has been recorded as a share-based payment transaction where the transaction was settled by the Original Shareholders on behalf of the Company. The value of the 15,000,000 shares transferred to Standard Ore Corporation was estimated at \$1,417,457 based on the estimated fair value of the shares of the Company using the price per share from the above share exchange agreement. This amount was recorded in exploration and evaluation expenses in 2020. In addition, the Company agreed to transfer all of its shares in Kraip to the Original Shareholders of the Company as partial consideration for the assignment of the property option agreement on the Golden Trend property. As a result of the disposal of its 100% investment in Kraip, the Company recorded a gain on sale of subsidiary of \$13,135. As part of the sale of the shares in Kraip, the Company was granted a 3% NSR on Kraip’s Kuta Ridge Property as detailed in Note 7 which was estimated to have a nominal value.

7. EXPLORATION AND EVALUATION EXPENSES

The following are details of the Company’s exploration and evaluation expenses for the period ended September 30:

	2021	2020	Accumulated From Property Inception
Kuta Ridge, Papua New Guinea	\$ -	\$ 10,583	\$ 154,541
Golden Trend and Garden Gate (Golden Gate), Nevada, USA	680,077	1,446,549	2,131,811
	<u>\$ 680,077</u>	<u>\$ 1,457,132</u>	<u>\$ 2,286,352</u>

Kuta Ridge, Papua New Guinea

The Company held a 100% interest in the Kuta Ridge Property until its sale of Kraip in July 2020. The Company retained a 3% NSR on Kraip’s Kuta Ridge Property in Papua New Guinea. Kraip has the right to purchase 2/3 of the NSR at any time before the start of commercial production for \$500,000 for every 0.5% component thereof, leaving the Company with a minimum 1% NSR.

Golden Trend, Nevada

On April 26, 2021, the Company has exercised the option under the 12-month exclusive option and has entered into a mining lease and option agreement to purchase 111 unpatented mining claims on the Golden Trend Property in Eureka County, Nevada. Under the mining lease agreement, the initial term is ten years and the advanced minimum royalty payments (AMR) are (a) US\$50,000 (\$63,203- paid) on the effective date (b) US\$15,000 (\$19,000 – paid November 1, 2021) six months thereafter (c) US\$15,000 (\$19,110) on the first anniversary of the effective date (d) US\$15,000 (\$19,110) six months thereafter (e) US\$15,000 (\$19,110) on the second anniversary of the effective date (f) US\$15,000 (\$19,110) six months thereafter. On the third anniversary of the effective date and every six months remaining under the term of the agreement, the AMR payments shall be increased to US\$17,000 (\$21,658). During the lease term, the Company has the right to purchase the property subject to a 3% Net Smelter Royalty at a cost of US\$2,000,000 (\$2,548,000) and the issue of 2,000,000 common shares of the Company. After purchase of the property, the advanced minimum royalty payments shall be US\$10,000 (\$12,740) every six months. The September 30, 2021 US exchange rate was used to approximate the Canadian values.

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7. EXPLORATION AND EVALUATION EXPENSES (cont'd)

Garden Gate, Nevada

The Company entered into a lease with option to purchase agreement dated June 28, 2021, with Pyramid Lake LLC ("Pyramid Lake"), pursuant to which the Company has agreed to acquire Pyramid Lake's interest in Garden Gate in exchange for initial consideration consisting of a cash payment of US\$25,000 (\$31,578 - paid). On closing in July 2021, the remaining US\$25,000 (\$33,204 - paid) plus 200,000 common shares (issued) of the Company were due. The agreement included the grant of a 3.0% net smelter returns royalty on production from Garden Gate, with the Company having the right to buy back one and a half percent (1.5%) at the time of a production decision for US\$1,000,000 (\$1,274,000). In addition to this initial consideration, the Company has agreed to make advanced royalty payments to Pyramid Lake as follows: a cash payment of US\$15,000 (\$19,110) in the first year of the agreement (in addition to the initial cash payment specified above); cash payments of an aggregate of US\$30,000 (\$38,100) in each of the second and third years of the agreement; cash payments of an aggregate of US\$34,000 (\$43,316) in the fourth and fifth years of the agreement; cash payments of an aggregate of US\$40,000 (\$50,960) in the sixth year of the agreement; and following the sixth year, cash payments each year thereafter in an amount equal to the aggregate cash payments made in the prior year, plus an additional 5%. Further, the Company has the right to ultimately purchase the Garden Gate property at any time upon the payment of US\$2,000,000 (\$2,548,000) in cash and the issuance of 2,000,000 shares to Pyramid Lake. The September 30, 2021 US exchange rate was used to approximate the Canadian values.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to shareholders and benefits to other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or return capital to shareholders.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the periods ended September 30, 2021 and 2020. The Company is not subject to externally imposed capital restrictions.

9. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair value of financial instruments

The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. As at September 30, 2021 and December 31, 2020, the Company's investment was carried at fair value. It was classified at Level 1 in the fair value hierarchy.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held in bank accounts. Cash is held with major banks in Canada. Management assesses credit risk of cash as remote.

9. FINANCIAL RISK MANAGEMENT (cont'd)

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 strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

Currency and interest rate risk

The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currencies giving rise to this risk are the US dollar and PNG kina.

Market price risk

The Company was exposed to market risk relating to its investment and unfavourable market conditions could result in dispositions of its investment at less than favourable prices. The Company's investment is comprised of a publicly-traded corporation. The Company's investment is subject to fair value fluctuations. As at September 30, 2021, if the fair value of the investments fluctuated by 10% all other factors held constant, consolidated net loss would change by approximately \$32,500 (2020 - \$92,500).

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	September 30, 2021	December 31, 2020
Financial assets at amortized cost:		
Cash	\$ 2,107,199	\$ 136,237
GST/HST Receivable	77,587	4,405
Financial assets at FVPL:		
Investment in common shares of Orefinders	325,000	725,000
	\$ 2,509,786	\$ 865,642

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2021	December 31, 2020
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	\$ 28,713	\$ 18,560
Share subscription liability	-	25,000
	\$ 28,713	\$ 43,560

10. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares without par value.

Issued share capital

- (a) On June 1, 2019, the Company completed a non-brokered private placement of 6,000,000 common shares at a price of \$0.05 per common share to raise proceeds of \$300,000.
- (b) On July 8, 2020, the Company issued 6,349,398 common shares to acquire 5,000,000 common shares of Orefinders at a valuation of \$600,000. The valuation was determined using the quoted market price of the common shares of Orefinders at the transaction date.
- (c) On September 16, 2020, the Company completed a non-brokered private placement of 1,100,000 common shares at a price of \$0.10 per common share to raise proceeds of \$110,000. In connection with the private placement, the Company incurred finder's fees of \$1,200.

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10. SHARE CAPITAL (cont'd)

- (d) On February 5, 2021, the Company closed a \$3,598,230 non-brokered private placement financing at a price of \$0.20 per share. The Company issued 17,991,148 units consisting of one common share and one-half of one common share purchase warrant, with each warrant exercisable for up to February 5, 2023 at an exercise price of \$0.30 for one common share. The valuation of the warrants was estimated in the amount of \$577,000 using the Black-Scholes option pricing model. In connection with private placement, the Company also issued 315,000 broker units at \$0.20, consisting of one common share and one-half of one common share purchase warrant, with each warrant exercisable up to February 5, 2023 at exercise price of \$0.30. The valuation of the 157,500 broker warrants attached to the broker units was estimated in the amount of \$13,344 using the Black Scholes option pricing model. The Company further issued 741,254 broker warrants with each warrant exercisable up to February 5, 2021 at exercise prices ranging from \$0.20 to \$0.30. The valuation of these broker warrants was estimated in the amount of \$75,933 using the Black-Scholes option pricing model. In addition, the Company incurred \$96,461 of cash finders' fees. At December 31, 2020, there was \$25,000 in subscriptions received in advance (September 30, 2021 - \$Nil). The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100%, risk free interest rate of 0.20%, share price of \$0.17 and an expected life of 2 years.
- (e) On July 12, 2021, the Company issued 200,000 shares in connection with its Golden Gate agreement (Note 7). The shares were valued at \$0.17 per share based on the quoted market price of the shares

A summary of the changes in the Company's warrants is set out below:

	September 30, 2021			December 31, 2020	
	Number of warrants	Weighted average exercise price	Weighted average life (years)	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	-	\$ -	-	-	\$ -
Warrants issued - hard-dollar financing	8,995,574	0.30	1.60	-	-
Brokers' warrants issued	898,754	0.22	1.35	-	-
Warrants outstanding, end of period	9,894,328	\$ 0.29	1.35	-	\$ -

As at September 30, 2021, the following warrants were outstanding:

Number of warrants outstanding	Exercise Price	Expiry Date
8,995,574	\$ 0.30	February 5, 2023
701,354	\$ 0.20	February 5, 2023
197,400	\$ 0.30	February 5, 2023
9,894,328	\$ 0.29	

Stock option plan

The Board of Directors of the Company has adopted a 20% fixed stock option plan which permits the Company to grant non-transferable options to purchase common shares. Half of these are to be granted to directors, officers and consultants of the Company, and half are to be allocated to the persons who took lead in arranging the seed financing and the IPO financing at listing.

On May 3, 2021, the Company granted 5,000,000 stock options to directors and officers of the Company. Each option, vested immediately and is exercisable to acquire one common share at a price of \$0.20 and a term of 5 years. These options vested immediately. The total fair value of \$655,706 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.92%, an expected volatility of 100% based on comparable entities, share price of \$0.18 and expected dividend yield of rate of 0%. The granting of these options resulted in a share-based payment expense of \$655,706 being recorded during the period ended September 30, 2021.

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10. SHARE CAPITAL (cont'd)

A summary of the changes in the Company's stock options is set out below:

	September 30, 2021			December 31, 2020	
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price
Options outstanding, beginning of period	-	\$ -	-	-	\$ -
Options granted	5,000,000	0.20	4.59	-	-
Options outstanding, end of period	5,000,000	\$ 0.20	4.59	-	\$ -
Options exercisable, end of period	5,000,000	\$ 0.20	4.59	-	\$ -

The following incentive stock options were outstanding and exercisable at September 30, 2021

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
5,000,000	5,000,000	\$ 0.20	May 3, 2026

The weighted average fair value of the grants in the period ended September 30, 2021 was \$0.13 (2020 - \$Nil) per share.

Share-based payment reserve

A summary of the changes in the Company's share-based payment reserve is set out below:

	September 30, 2021	December 31, 2020
Balance – beginning of period	\$ -	\$ -
Value of warrants issued on hard-dollar private placement	577,000	-
Value of brokers' warrants	89,277	-
Share-based compensation	655,706	-
Balance – end of period	\$ 1,321,983	\$ -

11. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management includes directors and officers. The remuneration of the key management of the Company during the nine months ended September 30, 2021 consisted of management and consulting fees of \$122,000 (2020 - \$Nil) charged by directors or officers of the Company or companies controlled by directors or officers of the Company.

Standard Ore Corporation provides corporate, consulting and premises rental services to the Company. The Company incurred \$4,120 (2020 - \$Nil) in rental expenses, \$35,000 (2020 - \$Nil) in expenses for consulting and management services and \$12,000 (2020 - \$Nil) in expenses for CFO services during the period ended September 30, 2021.

The following is the balance due from related party as at:

	September 30, 2021	December 31, 2020
Due from Standard Ore Corporation	\$ 11,478	\$ -

The balance receivable is unsecured, non-interest bearing and due on demand.

As at September 30, 2021 and December 31, 2020, the Company held 5,000,000 common shares of Orefinders Resources Inc. at a fair value of \$325,000 (December 31, 2020 - \$725,000) based on the quoted market price of the Orefinders' shares. The Company has directors in common with Orefinders. During the nine months ended September 30, 2021, the Orefinders charged the Company \$40,000 (2020 - \$Nil) in legal expenses relating to the plan of arrangement. At September 30, 2021, Orefinders held 5,200,000 or approximately 9% of the common shares of the Company.

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11. RELATED PARTY TRANSACTIONS (cont'd)

In the private placement referred to in Note 10(a), 1,100,000 common shares were subscribed for by officers and directors of the Company. In the private placement referred to in Note 10(c), 100,000 common shares were subscribed for by officers and directors of the Company. In the private placement referred to in Note 10(d), 425,000 common shares were subscribed to by officers, directors of the Company and related companies.

The amounts payable to related parties are unsecured, non-interest bearing with no fixed terms of repayment.

12. COMMITMENTS AND CONTINGENCIES

(a) The Company's exploration activities are subject to various federal and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(b) In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's operations and ability to raise capital.

13. PLAN OF ARRANGEMENT

On April 26, 2021, Orefinders completed a "spin-out" of American Eagle whereby, pursuant to a plan of arrangement under the Business Corporations Act (British Columbia) involving Orefinders, its shareholders, and American Eagle. The arrangement was approved by the Supreme Court of British Columbia on April 8, 2021, whereby each existing shareholder of Orefinders exchanged their shares of Orefinders for: (a) one new common share of Orefinders for each one existing share of Orefinders held; and (b) such shareholder's pro rata portion of 5,000,000 common shares of American Eagle held by Orefinders (being approximately one common share of American Eagle for every 44.50 shares of Orefinders held on the effective date of the Arrangement). After completion of the arrangement, Orefinders continues to hold 5,200,000 common shares of American Eagle, representing approximately 9.2% of the issued and outstanding shares of American Eagle.