



# **Kintavar Exploration Inc.**

Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2021

*The attached financial statements have been prepared by Management of Kintavar Exploration Inc. and have not been reviewed by the auditors*

# Kintavar Exploration Inc.

Consolidated Statements of Financial Position  
(Unaudited, in Canadian Dollars)

	Note	As at March 31, 2021 \$	As at December 31, 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3,168,565	3,643,175
Receivables	7	604,290	694,049
Inventory		33,933	27,804
Investments	5	333,348	150,000
Prepaid expenses		270,637	119,267
<b>Current assets</b>		<b>4,410,773</b>	<b>4,634,295</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	8	2,575,752	2,569,990
Investment in a listed company	6	27,000	28,500
Property and equipment	9	2,871,721	2,788,446
<b>Non-current assets</b>		<b>5,474,473</b>	<b>5,386,936</b>
<b>Total assets</b>		<b>9,885,246</b>	<b>10,021,231</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank Overdraft		-	6,794
Trade and other payables	10	332,144	239,398
Deferred revenues		126,420	9,381
Long-term debt	12	94,532	93,768
Liability related to the premium on flow-through shares	11	174,385	212,745
<b>Current liabilities</b>		<b>727,481</b>	<b>562,086</b>
<b>Non-current liabilities</b>			
Deferred tax liability		43,010	43,010
Long-term debt	12	1,047,984	1,068,124
<b>Non-current liabilities</b>		<b>1,090,994</b>	<b>1,111,134</b>
<b>Total liabilities</b>		<b>1,818,475</b>	<b>1673,220</b>
<b>Equity</b>			
Share capital	13	18,499,250	18,499,250
Warrants	14	-	-
Broker options	15	10,020	10,020
Stock options	16	1,735,882	1,719,814
Contributed Surplus		1,303,569	1,300,956
<b>Deficit</b>		<b>(13,481,950)</b>	<b>(13,182,029)</b>
<b>Total equity</b>		<b>8,066,771</b>	<b>8,348,011</b>
<b>Total liabilities and equity</b>		<b>9,885,246</b>	<b>10,021,231</b>

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

# Kintavar Exploration Inc.

## Consolidated Statements of Loss and Comprehensive Loss (Unaudited, in Canadian Dollars)

	Note	Three months ended March 31,	
		2021 \$	2020 \$
Project management fees		16,201	-
Sales		302,074	440,043
<b>Income</b>		<b>318,275</b>	<b>440,043</b>
<b>Operating expenses</b>			
Exploration and evaluation, net of tax credits	17	89,726	444,710
Costs of products sold		139,243	190,711
Salaries and benefits		167,863	221,879
Share-based compensation		18,681	70,300
Professional fees		59,264	61,584
Travel, conference and investor relations		6,990	77,917
General expenses and maintenance		71,432	40,491
Administration		19,351	27,291
Filing fees		9,858	7,464
Rent		2,775	2,775
Insurance and taxes		8,220	11,499
Depreciation of property and equipment		58,638	56,045
<b>Operating loss</b>		<b>(333,766)</b>	<b>(772,623)</b>
<b>Other income (expenses)</b>			
Interest income		5,126	19,051
Finance costs		(21,404)	(30,852)
Other revenue		7,707	-
Unrealized loss in fair value of an investment in a listed company		(1,500)	-
Gains on disposal of property and equipment		5,000	-
		(5,071)	11,801
<b>Net loss before income taxes</b>		<b>(338,837)</b>	<b>(784,424)</b>
Deferred income taxes recovery	11	38,916	99,000
<b>Net loss and comprehensive loss</b>		<b>(299,921)</b>	<b>(685,424)</b>
Basic and diluted loss per share		(0.00)	(0.01)
Weighted average number of basic and diluted outstanding shares		105,929,134	91,199,324

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

# Kintavar Exploration Inc.

## Consolidated Statements of Changes in Equity

(Unaudited, in Canadian Dollars)

	Note	Number of shares outstanding	Capital Stock \$	Warrants \$	Broker Options \$	Stock Options \$	Contributed surplus \$	Deficit \$	Total equity \$
<b>Balance as at January 1, 2021</b>		105,929,134	18,449,250	-	10,020	1,719,814	1,300,956	(13,182,029)	8,348,011
Loss and comprehensive loss for the period		-	-	-	-	-	-	(299,921)	(299,921)
Stock-based compensation		-	-	-	-	18,681	-	-	18,681
Expired options	16	-	-	-	-	(2,613)	2,613	-	-
<b>Balance as at March 31, 2021</b>		105,929,134	18,499,250	-	10,020	1,735,882	1,303,569	(13,481,950)	8,066,771

	Note	Number of shares outstanding	Capital Stock \$	Warrants \$	Broker Options \$	Stock Options \$	Contributed surplus \$	Deficit \$	Total equity \$
<b>Balance as at January 1, 2020</b>		91,199,324	17,391,097	1,040,101	40,830	1,648,054	87,155	(11,679,027)	8,528,210
Loss and comprehensive loss for the period		-	-	-	-	-	-	(685,424)	(685,424)
Stock-based compensation		-	-	-	-	70,300	-	-	70,300
<b>Balance as of March 31, 2021</b>		91,199,324	17,391,097	1,040,101	40,830	1,718,354	87,155	(12,364,451)	7,913,086

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

# Kintavar Exploration Inc.

## Consolidated Statements of Cash Flows

(Unaudited, in Canadian Dollars)

		Three months ended March 31	
	Note	2021	2020
		\$	\$
<b>Operating activities</b>			
Net loss for the period		(299,921)	(685,424)
Adjustments for:			
Stock-based compensation		18,681	70,300
Accrued interest on investments		(5,282)	(24,178)
Depreciation of property and equipment		58,638	56,045
Gains on disposal of property and equipment		(5,000)	-
Unrealized loss in fair value of an investment in a listed company		1,500	-
Deferred income tax recovery		(38,360)	(99,000)
Accretion of the long-term debt		1,067	-
Change in non-cash working capital items	18	147,327	116,210
<b>Cash flows used in operating activities</b>		<b>(121,350)</b>	<b>(566,047)</b>
<b>Investing activities</b>			
Acquisition of investments		(183,348)	-
Additions of exploration and evaluation assets		(5,762)	(5,907)
Acquisition of property and equipment		(141,913)	-
Proceeds from sale of property and equipment		5,000	-
<b>Cash flows used in investing activities</b>		<b>(326,023)</b>	<b>(5,907)</b>
<b>Financing activities</b>			
Reduction in bank overdraft		(6,794)	(37,266)
Repayment of obligations under financial leases		-	(1,117)
Repayment of long-term debt		(20,443)	(10,594)
<b>Cash flows used in financing activities</b>		<b>(27,237)</b>	<b>(48,977)</b>
<b>Net change in cash and cash equivalents</b>		<b>(474,610)</b>	<b>(620,931)</b>
Cash and cash equivalents - beginning		3,643,175	4,106,580
<b>Cash and cash equivalents - ending</b>		<b>3,168,565</b>	<b>3,485,649</b>

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

# Kintavar Exploration Inc.

## Notes to Financial Statements

(Unaudited, in Canadian Dollars)

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### 1. NATURE OF OPERATIONS

Kintavar Exploration Inc. (the "Corporation") was formed on March 24, 2017 upon the issuance of an amalgamation certificate under the *Business Corporations Act* (Quebec) and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Corporation's class A common shares ("Shares") are listed on the TSX Venture Exchange (the "Exchange") under the symbol KTR. The address of the Corporation's registered office and principal place of business is 75, boul. de Mortagne, Boucherville, Quebec, Canada, J4B 6Y4.

The Corporation has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the ability of the Corporation to obtain necessary financing to pursue the exploration and evaluation on its mining properties.

The present audited financial statements (the "Financial Statements") have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing the validity of the principle of continuity of operations, management takes into account all available data regarding the future, which represents at least, but not limited to, the twelve months following the end of the presentation period. As at March 31, 2021, the Corporation reported a net loss of \$299,921 (\$685,424 as of March 31, 2020) and has an accumulated deficit of \$13,481,950. As of March 31, 2021, the Corporation had a working capital of \$3,683,292 (\$4,072,209 as at December 31, 2020)

Management of the Corporation believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve (12) months as they fall due. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation.

Since March 2020, the COVID-19 pandemic has had a significant and negative impact on the world financial market as well as on the price of several metals including copper, the main resource in the Corporation's portfolio of projects. The Corporation continues to monitor and assess the impact on its exploration activities and the operation of the outfitter. The potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

### 2. BASIS OF PRESENTATION

These Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year.

The Board of Directors has approved the Financial Statements on May 27, 2021.

# Kintavar Exploration Inc.

## Notes to Financial Statements

(Unaudited, in Canadian Dollars)

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended December 31, 2020.

### 4. CASH AND CASH EQUIVALENTS

The short-term investments held as at March 31, 2021 and classified as cash equivalents are as follows:

- Guaranteed investment certificates totaling \$2,399,800 with rates from 0.65% to 0.90% and expiring dates ranging from expiring July 22, 2021 and November 17, 2021. Interest and principal are cashable at any time.
- Investment of \$700,482 in high interest exchange trading funds.

The Corporation has the following credit facility:

- Operating line of credit, which provides for advances of up to \$50,000, bearing interest at the prime rate of financial institution plus 2.35% (effective rate of 4.80% as at March 31, 2021). As at March 31, 2021, the amount outstanding at the end of this credit facility was \$35,648.

The flow-through financing balance not yet spent under the terms of the financing completed on December 11, 2020 represents \$734,605 as of March 31, 2021. The Corporation has dedicated these funds to Canadian exploration expenses to be completed before December 31, 2022.

### 5. INVESTMENTS

The short-term investments held as at March 31, 2021 are as follows:

- Investment of \$150,000 in a term savings account bearing interest at 0.20% and maturing on June 30, 2021.
- Investment of \$183,348 in a term savings account bearing interest at 0.15% and maturing July 15, 2021.

# Kintavar Exploration Inc.

## Notes to Financial Statements

(Unaudited, in Canadian Dollars)

### 6. INVESTMENT IN A LISTED COMPANY

The Corporation holds marketable securities. The investment is valued at fair value based on quoted market prices.

The shares are listed on the Exchange. The total amount of the investment can be summarized as follows:

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Gitennes Exploration Inc. – 300,000 common shares (300,000 common shares as at December 31, 2020)	27 000	28 500
<b>Investment in a listed company</b>	<b>27 000</b>	<b>28 500</b>

### 7. RECEIVABLES

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Accounts receivable	271,422	348,813
Sales taxes receivable	9,634	14,808
Tax credits and mining rights receivable	244,939	244,567
Other	80,016	85,861
<b>Receivables</b>	<b>604,290</b>	<b>694,049</b>

### 8. EXPLORATION AND EVALUATION ASSETS

Mining properties acquisition costs	As at Jan. 1, 2021	Additions	Impairment	Transferred – held for sale	As at March 31, 2021
	\$	\$	\$	\$	
Mitchi	921,463	-	-	-	921,463
Anik	1,480,654	-	-	-	1,480,654
Rivière à l'aigle	105,144	-	-	-	105,144
Gaspard nord	1,786	-	-	-	1,786
Cousineau	4,757	-	-	-	4,757
Wabash	28,834	5,762	-	-	34,596
Baie Johann Beetz	27,352	-	-	-	27,352
	<b>2,569,990</b>	<b>5,762</b>	-	-	<b>2,575,752</b>



# Kintavar Exploration Inc.

## Notes to Financial Statements

(Unaudited, in Canadian Dollars)

### 8. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Mining properties acquisition costs	As at	Additions	Impairment	Transferred – held for sale	As at
	Jan. 1, 2020				December 31, 2020
	\$	\$	\$	\$	
Mitchi	940,364	3,257	(22,688) <sup>1</sup>	-	943,621
Anik	1,555,654	-	-	(75,000)	1,555,654
Rivière à l'aigle	129,894	-	-	(24,750)	129,894
Gaspard nord	1,786	-	-	-	1,786
Cousineau	4,757	-	-	-	4,757
New Mosher	9,797	-	-	(9,797)	-
Wabash	26,184	2,650	-	-	28,834
Baie Johann Beetz	27,352	-	-	-	27,352
	<b>2,695,788</b>	<b>6,437</b>	<b>(22,688)</b>	<b>(109,547)</b>	<b>2,569,990</b>

<sup>1)</sup> Some claims were dropped, and the Corporation partially impaired the property.

### 9. PROPERTY AND EQUIPMENT

	Net book value				Net book
	January 1, 2021	Additions	Write-off	Depreciation	value March 31, 2021
	\$	\$	\$	\$	\$
Rolling stock	296,443	-	-	(19,138)	277,305
Outfitter trails	71,575	-	-	(963)	70,612
Electric line	143,151	47,136	-	(1,926)	188,361
Spawning grounds	71,575	-	-	(963)	70,612
Equipment	385,340	-	-	(11,150)	374,190
Buildings	1,820,362	94,777	-	(24,498)	1,890,641
	<b>2,788,446</b>	<b>141,913</b>	<b>-</b>	<b>(58,638)</b>	<b>2,871,721</b>

	Net book value				Net book
	January 1, 2020	Additions	Write-off	Depreciation	value December 31, 2020
	\$	\$	\$	\$	\$
Rolling stock	170,447	-	(9,651)	(52,320)	296,443
Right-of-use assets	1,098	-	-	(1,098)	-
Outfitter trails	75,427	-	-	(3,852)	71,575
Electric line	150,854	-	-	(7,703)	143,151
Spawning grounds	75,427	-	-	(3,852)	71,575
Equipment	402,330	26,185	-	(43,175)	385,340
Buildings	1,894,159	30,134	-	(103,931)	1,820,362
	<b>2,769,742</b>	<b>244,286</b>	<b>(9,651)</b>	<b>(215,931)</b>	<b>2,788,446</b>

# Kintavar Exploration Inc.

## Notes to Financial Statements

(Unaudited, in Canadian Dollars)

### 9. PROPERTY AND EQUIPMENT (CONT'D)

	As at March 31, 2021		As at December 31, 2020	
	Cost	Accumulated Depreciation	Net book value	Net book value
	\$	\$	\$	\$
Rolling stock	187,150	(85,814)	277,305	296,443
Right-of-use assets	7,900	(7,900)	-	-
Outfitter trails	77,032	(6,420)	70,612	71,575
Electric line	154,064	(12,839)	188,361	143,151
Spawning grounds	77,032	(6,420)	70,612	71,575
Equipment	419,823	(71,818)	374,190	385,340
Buildings	1,927,716	(161,985)	1,890,641	1,820,362
	<b>2,850,717</b>	<b>(354,676)</b>	<b>2,871,721</b>	<b>2,788,446</b>

### 10. TRADE AND OTHER PAYABLES

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Trade payables and accrued liabilities	227,651	136,950
Due to Geomega Resources Inc.	6,679	14,250
Accrued salaries	35,194	36,040
Accrued vacations	51,796	39,825
Government remittances	10,824	12,333
<b>Trade and other payables</b>	<b>332,144</b>	<b>239,398</b>

### 11. LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

	Three Months ended March 31,	
	2021	2020
	\$	\$
Balance, beginning	212,745	99,000
Addition, net of issue costs	-	218,245
Reduction related to qualifying exploration expenditures	(38,360)	(104,500)
<b>Liability related to the premium on flow through shares</b>	<b>174,385</b>	<b>212,745</b>

# Kintavar Exploration Inc.

## Notes to Financial Statements

(Unaudited, in Canadian Dollars)

### 12. LONG-TERM DEBT

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Term loan secured by a first mortgage on the present and future movable properties of the Corporation, on the current immovable properties and on the universality of the receivables as well as by a joint guarantee of the Corporation and its subsidiary. The loan bears interest at 5.67%. Interest and principal of \$2,778 are payable monthly, maturing in August 2034.	447,221	455,556
Term loan secured by a first mortgage on the present and future movable properties of the Corporation, on the current immovable properties and on the universality of the receivables as well as by a joint guarantee of the Corporation and its subsidiary. The loan bears interest at 6.55%. Interest is payable monthly, and the payment of principal begins in August 2020 until July 2035. The loan is payable through 180 installments of \$4,369.	486,626	491,709
Term loan secured by a first mortgage on certain equipment at a rate of 7.49% and payable in installments of \$1,079, maturing in November 2024.	41,409	43,852
Term loans engaged to finance rolling stock. These loans hold rates from 3.75% to 15.58%, are repayable in monthly installments totaling \$3,995 and maturing between November 2021 and September 2025.	92,689	97,271
Canadian Emergency Business Account (CEBA) received in the context of the outbreak of the COVID-19 pandemic. The loans bear no interest and the principal is payable in full by December 31, 2022.	74,571	73,504
Current portion	(94,532)	(93,768)
<b>Long-term debt - non-current portion</b>	<b>1,047,984</b>	<b>1,068,124</b>

### 13. EQUITY

The Corporation is authorized to issue an unlimited number of class A, B, C common shares and class A, B, C and D special shares. Only class A common shares ("Shares") are issued with the following restrictions and privileges: voting, participating with dividend as declared by the Board of Directors.

There are 625,000 shares held in escrow as at March 31, 2021 (1,250,000 as at December 31, 2020).

# Kintavar Exploration Inc.

## Notes to Financial Statements

(Unaudited, in Canadian Dollars)

### 14. WARRANTS

Changes in the Corporation's warrants are as follows:

	Three months ended March 31, 2021		2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, beginning	3,556,250	0.15	8,899,091	0.70
Exercised	-	-	3,556,250	0.15
Expired	-	-	(8,899,091)	0.70
<b>Balance, end</b>	<b>3,556,250</b>	<b>0.15</b>	<b>3,556,250</b>	<b>0.15</b>

Warrants outstanding as at March 31, 2021 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
3,556,250	0.15	December 11, 2022
<b>3,556,250</b>		

### 15. BROKER OPTIONS

Changes in the Corporation's broker options are as follows:

	Three months ended March 31, 2021		2020	
	Number of broker options	Weighted average exercise price	Number of broker options	Weighted average exercise price
		\$		\$
Balance, beginning	455,448	0.15	243,613	0.54
Issued	-	-	455,448	0.15
Expired	-	-	(248,613)	0.54
<b>Balance, end</b>	<b>455,448</b>	<b>0.15</b>	<b>455,448</b>	<b>0.15</b>

Broker options outstanding as at March 31, 2021 are as follows:

Number of broker options	Exercise price	Expiry date
	\$	
455,448	0.15	December 11, 2022
<b>455,448</b>		

# Kintavar Exploration Inc.

## Notes to Financial Statements

(Unaudited, in Canadian Dollars)

### 16. STOCK OPTIONS

Changes in stock options are as follows:

	Three months ended March 31, 2021		2020	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		\$		\$
Balance, beginning	8,972,500	0.28	8,287,500	0.32
Granted	-	-	1,515,000	0.10
Forfeited	(38,750)	0.11	(186,250)	0.16
Expired	(26,250)	0.14	(643,750)	0.30
<b>Balance, end</b>	<b>8,907,500</b>	<b>0.29</b>	<b>8,972,500</b>	<b>0.28</b>
Balance, end exercisable	7,550,000	0.32	7,576,250	0.32

Stock options outstanding as at March 31, 2021 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
1,092,500	1,092,500	0.14	March 23, 2022
150,000	150,000	0.14	December 29, 2022
4,775,000	4,775,000	0.40	June 27, 2023
400,000	400,000	0.35	September 17, 2023
100,000	100,000	0.17	December 10, 2023
920,000	690,000	0.17	June 20, 2024
1,370,000	342,500	0.10	June 29, 2025
100,000	-	0.09	December 15, 2025
<b>8,907,500</b>	<b>7,550,000</b>		

### 17. EXPLORATION AND EVALUATION EXPENSES

	Three months ended March 31,	
	2021	2020
	\$	\$
Salaries and benefits	42,372	154,364
Geology and prospecting	2,008	13,519
Drilling	-	142,983
Analysis	14,158	102,009
Geophysics	14,917	3,579
Geochemistry	1,700	-
Lodging and travel	1,444	40,620
Supplies	9,039	31,334
Taxes, permits and insurance	4,460	1,810
<b>Exploration and evaluation expenses before tax credits</b>	<b>90,098</b>	<b>490,218</b>
Tax credits	(372)	(45,508)
<b>Exploration and evaluation expenses</b>	<b>89,726</b>	<b>444,710</b>

# Kintavar Exploration Inc.

## Notes to Financial Statements

(Unaudited, in Canadian Dollars)

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### 18. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

*Changes in non-cash working capital items*

	Three months ending March 31	
	2021	2020
	\$	\$
Receivables	95,041	79,276
Inventory	(6,129)	23,891
Prepaid expenses and others	(151,370)	16,357
Trade and other payables	92,746	(38,400)
Deferred revenues	117,039	35,086
	<b>147,327</b>	<b>116,210</b>