



Kintavar Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements

Six months ended June 30, 2021

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

	Not e	As at June 30, 2021	As at December 31, 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	4	2,745,786	3,643,175
Receivables	7	1,081,769	694,049
Inventory		37,037	27,804
Investments	5	183,348	150,000
Prepaid expenses		132,651	119,267
Current assets		4,177,591	4,634,295
Non-current assets			
Exploration and evaluation assets	8	2,501,020	2,569,990
Investment in a listed company	6	24,000	28,500
Property and equipment	9	4,198,566	2,788,446
Non-current assets		6,723,586	5,386,936
Total assets		10,901,177	10,021,231
Liabilities			
Current liabilities			
Bank Overdraft		-	6,794
Trade and other payables	10	755,951	239,398
Deferred revenues		701,166	9,381
Long-term debt		93,676	93,768
Lease obligations	11	395,780	-
Liability related to the premium on flow-through shares	12	67,290	212,745
Current liabilities		2,013,863	562,086
Non-current liabilities			
Deferred tax liability		43,010	43,010
Long-term debt	13	1,025,072	1,068,124
Non-current liabilities		1,068,082	1,111,134
Total liabilities		3,081,945	1673,220
Equity			
Share capital	14	18,499,250	18,499,250
Warrants	15	-	-
Broker options	16	10,020	10,020
Stock options	17	1,763,554	1,719,814
Contributed Surplus		1,303,569	1,300,956
Deficit		(13,757,161)	(13,182,029)
Total equity		7,819,232	8,348,011
Total liabilities and equity		10,901,177	10,021,231

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)

	Not e	Three months ended		Six months ended	
		June 30		June 30	
		2021	2020	2021	2020
		\$	\$		
Project management fees		59,899	-	76,100	-
Sales		299,472	118,267	601,546	558,310
Income		359,371	118,267	677,646	558,310
Operating expenses					
Exploration and evaluation, net of tax credits	18	249,446	43,705	339,172	488,415
Costs of products sold		114,743	45,683	253,986	236,394
Salaries and benefits		174,422	62,393	342,285	284,272
Share-based compensation		27,672	66,123	46,353	136,423
Professional fees		283	14,676	59,547	76,260
Advertising, conference and investor relations		15,359	39,142	22,349	117,059
General expenses and maintenance		101,636	39,293	173,068	79,784
Administration		32,284	15,077	51,669	42,369
Filing fees		15,163	7,447	25,021	14,911
Rent		2,775	-	5,550	2,775
Insurance and taxes		14,227	11,475	22,447	22,974
Depreciation of property and equipment		65,107	49,776	123,745	105,821
Operating loss		(453,746)	(276,523)	(787,546)	(1,049,147)
Other income (expenses)					
Interest income		3,627	14,296	8,753	33,347
Finance costs		(8,692)	(22,958)	(30,062)	(53,810)
Other revenue		79,505	-	87,212	-
Unrealized loss in fair value of an investment in a listed company		(3,000)	-	(4,500)	-
Gains on disposal of property and equipment		-	-	5,000	-
		71,440	(8,662)	66,403	(20,463)
Net loss before income taxes		(382,306)	(285,185)	(721,143)	(1,069,610)
Current taxes		-	(90)	-	(90)
Deferred income taxes recovery	12	(107,095)	-	(146,011)	(99,000)
Net loss and comprehensive loss		(275,211)	(285,275)	(575,132)	(970,700)
Basic and diluted loss per share		(0.003)	(0.003)	(0.005)	(0.011)
Weighted average number of basic and diluted outstanding shares		105,929,134	91,199,324	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 \$
Balance as at January 1, 2021		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		-	-	-	-	-	-	(575,132)	(575,132)
Stock-based compensation		-	-	-	-	46,353	-	-	46,353
Expired options	17	-	-	-	-	(2,613)	2,613	-	-
Balance as at June 30, 2021		105,929,134	18,499,250	-	10,020	1,763,554	1,303,569	(13,757,161)	7,819,232

	Note	Number of shares outstanding	Capital Stock \$	Warrants \$	Broker Options \$	Stock Options \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance as at January 1, 2020		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		-	-	-	-	-	-	(970,700)	(970,700)
Stock-based compensation		-	-	-	-	136,423	-	-	136,423
Expired warrants		-	-	(1,020,502)	-	-	1,020,502	-	-
Expired broker options		-	-	-	(40,860)	-	40,830	-	-
Balance as of June 30, 2021		91,199,324	17,391,097	19,599	-	1,784,477	1,148,487	(12,649,727)	7,693,933

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

Kintavar Exploration Inc.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian Dollars)

		Six months ended June 30	
	Note	2021 \$	2020 \$
Operating activities			
Net loss for the period		(575,132)	(970,700)
Adjustments for:			
Stock-based compensation		46,353	136,423
Accrued interest on investments		(5,282)	(24,178)
Depreciation of property and equipment		123,745	105,821
Gains on disposal of property and equipment		(5,000)	-
Unrealized loss in fair value of an investment in a listed company		4,500	-
Deferred income tax recovery		(145,455)	(99,000)
Accretion of the long-term debt		2,150	312
Change in non-cash working capital items	19	803,283	21,399
Cash flows used in operating activities		249,162	(829,923)
Investing activities			
Acquisition of investments		(33,348)	-
Additions of exploration and evaluation assets		(6,030)	(6,437)
Option payment received on exploration and evaluation assets		75,000	75,000
Acquisition of property and equipment		(1,102,912)	(53,811)
Proceeds from sale of property and equipment		5,000	-
Cash flows used in investing activities		(1,062,290)	14,752
Financing activities			
Reduction in bank overdraft		(6,794)	(37,266)
Repayment of obligations under financial leases		(35,173)	(4,161)
Increase in long-term debt		-	26,706
Repayment of long-term debt		(45,294)	(21,756)
Cash flows used in financing activities		(87,261)	(36,477)
Net change in cash and cash equivalents		(900,389)	(851,648)
Cash and cash equivalents - beginning		3,643,175	4,106,580
Cash and cash equivalents - ending		2,742,786	3,254,932

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

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

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 June 30, 2021, the Corporation reported a net loss of \$575,132 (\$926,503 as of June 30, 2020) and has an accumulated deficit of \$13,757,161. As of June 30, 2021, the Corporation had a working capital of \$2,163,728 (\$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 August 20, 2021.

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

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, except for the following:

Fixed assets

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Right-of-use assets	Linear over the estimated lifespan of the underlying asset (in this case, 10 years)
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4. CASH AND CASH EQUIVALENTS

The short-term investments held as at June 30, 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 \$352,395 in high interest exchange trading funds.
- Investment of \$150,000 in a term savings account bearing interest at 0.20%, matured on June 30, 2021 and repayable on demand.

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 June 30, 2021). As at June 30, 2021, the line of credit remains unused.

The flow-through financing balance not yet spent under the terms of the financing completed on December 11, 2020 represents \$597,061 as of June 30, 2021. The Corporation has dedicated these funds to Canadian exploration expenses to be completed before December 31, 2022.

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

5. INVESTMENTS

The short-term investments held as at June 30, 2021 are as follows:

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

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 June 30, 2021	As at December 31, 2020
	\$	\$
Gitennes Exploration Inc. – 300,000 common shares (300,000 common shares as at December 31, 2020)	24 000	28 500
Investment in a listed company	24 000	28 500

7. RECEIVABLES

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Accounts receivable	605,619	348,813
Sales taxes receivable	47,635	14,808
Tax credits and mining rights receivable	389,321	244,567
Other	39,194	85,861
Receivables	1,081,769	694,049

8. EXPLORATION AND EVALUATION ASSETS

Mining properties acquisition costs	As at Jan. 1, 2021	Additions	Impairment	Payment on options	As at June 30, 2021
	\$	\$	\$	\$	
Mitchi	921,463	-	-	-	921,463
Anik	1,480,654	268	-	(75,000)	1,405,922
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
	2,569,990	6,030	-	(75,000)	2,501,020

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Mining properties acquisition costs	As at Jan. 1, 2020	Additions	Impairment	Payment on options	As at December 31, 2020
	\$	\$	\$	\$	
Mitchi	940,364	3,257	(22,688) ¹	-	921,463
Anik	1,555,654	-	-	(75,000)	1,480,654
Rivière à l'aigle	129,894	-	-	(24,750)	105,144
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
	2,695,788	6,437	(22,688)	(109,547)	2,569,990

1) Some claims were dropped, and the Corporation partially impaired the property.

9. PROPERTY AND EQUIPMENT

	Net book value January 1, 2021	Additions	Write-off	Depreciation	Net book value June 30, 2021
	\$	\$	\$	\$	\$
Rolling stock	296,443	32,400	-	(34,179)	289,734
Right-of-use assets	-	673,653	-	(5,622)	668,131
Outfitter trails	71,575	-	-	(1,926)	69,649
Electric line	143,151	115,809	-	(3,852)	255,108
Spawning grounds	71,575	-	-	(1,926)	69,649
Equipment	385,340	81,253	-	(22,300)	444,293
Buildings	1,820,362	630,650	-	(49,010)	2,402,002
	2,788,446	1,533,865	-	123,745	4,198,566

	Net book value January 1, 2020	Additions	Write-off	Depreciation	Net book value December 31, 2020
	\$	\$	\$	\$	\$
Rolling stock	170,447	187,967	(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
	2,769,742	244,286	(9,651)	(215,931)	2,788,446

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

9. PROPERTY AND EQUIPMENT (CONT'D)

	As at June 30, 2021		As at December 31, 2020	
	Cost	Accumulated Depreciation	Net book value	Net book value
	\$	\$	\$	\$
Rolling stock	395,518	(105,784)	289,734	296,443
Right-of-use assets	681,653	(13,522)	668,131	-
Outfitter trails	77,032	(7,383)	69,649	71,575
Electric line	269,872	(14,764)	255,108	143,151
Spawning grounds	77,032	(7,383)	69,649	71,575
Equipment	527,261	(82,968)	444,293	385,340
Buildings	2,588,449	(186,497)	2,402,002	1,820,362
	4,616,867	(418,301)	4,198,566	2,788,446

10. TRADE AND OTHER PAYABLES

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Trade payables and accrued liabilities	595,005	136,950
Due to Geomega Resources Inc.	2,722	14,250
Accrued salaries	83,473	36,040
Accrued vacations	71,793	39,825
Government remittances	2,958	12,333
Trade and other payables	755,951	239,398

11. LEASE OBLIGATION

	Six months ended June 30, 2021	Year ended December 30, 2020
	\$	\$
Balance, beginning	-	-
New contract signed during period	430,953	-
Reimbursement of lease obligation	(35,173)	-
Balance	395,780	-
Current portion	(395,780)	-
Non-current portion	-	-

During fiscal 2021, the Corporation entered into a capital lease agreement to acquire dormitory trailers in order to support the increased demand for worker accommodation at the Fer à Cheval outfitter. The contract includes the addition of 22 "VIP" type rooms and 21 regular rooms payable in 12 monthly installments of \$36,800 starting in June 2021. At the end of the rental contract, the Company may purchase the facilities for the sum of 1 \$. Transportation, installation and other related costs were charged separately from the capital lease.

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

12. LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

	Six months ended	
	June 30, 2021	2020
	\$	\$
Balance, beginning	212,745	99,000
Addition, net of issue costs	-	218,245
Reduction related to qualifying exploration expenditures	(145,455)	(104,500)
Liability related to the premium on flow through shares	67,290	212,745

13. LONG-TERM DEBT

	As at June 30, 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 prime plus 1.75% (4.20% as at June 30, 2021). Interest and principal of \$2,778 are payable monthly, maturing in August 2034.	438,889	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.	481,458	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.	38,937	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.	86,326	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.	73,138	73,504
Current portion	(93,676)	(93,768)
Long-term debt - non-current portion	1,025,072	1,068,124

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

14. 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 June 30, 2021 (1,250,000 as at December 31, 2020).

15. WARRANTS

Changes in the Corporation’s warrants are as follows:

	Six months ended June 30, 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
Balance, end	3,556,250	0.15	3,556,250	0.15

Warrants outstanding as at June 30, 2021 are as follows:

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

16. BROKER OPTIONS

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

	Six months ended June 30, 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
Balance, end	455,448	0.15	455,448	0.15

Broker options outstanding as at June 30, 2021 are as follows:

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

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

455,448

17. STOCK OPTIONS

Changes in stock options are as follows:

	Six months ended June 30, 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	1,590,000	0.17	1,515,000	0.10
Forfeited	(38,750)	0.11	(186,250)	0.16
Expired	(26,250)	0.14	(643,750)	0.30
Balance, end	10,497,500	0.24	8,972,500	0.28
Balance, end exercisable	8,147,500	0.30	7,576,250	0.32

Stock options outstanding as at June 30, 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	920,000	0.17	June 20, 2024
1,370,000	685,000	0.10	June 29, 2025
100,000	25,000	0.09	December 15, 2025
200,000	-	0.16	May 27, 2026
1,390,000	-	0.17	June 10, 2026
10,497,500	8,147,500		

18. EXPLORATION AND EVALUATION EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	\$	\$		
Salaries and benefits	110,151	46,611	152,523	200,975
Geology and prospecting	16,594	14,630	18,602	28,147
Drilling	-	1,320	-	144,303
Analysis	-	394	14,158	102,403
Geophysics	-	3,500	14,917	7,079
Geochemistry	2,205	-	3,905	-
Metallurgy	-	2,633	-	2,633
Lodging and travel	18,201	29	19,645	40,649
Supplies	107,682	8,570	116,721	39,904
Taxes, permits and insurance	5,232	15	9,692	1,825
Exploration and evaluation expenses before tax credits	260,065	77,822	350,163	568,039
Tax credits	(10,619)	(34,117)	(10,991)	(79,624)

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

Exploration and evaluation expenses	249,446	43,705	339,172	488,415
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19. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	Six months ending June 30	
	2021	2020
	\$	\$
Receivables	(382,438)	279,435
Inventory	(9,233)	36,219
Prepaid expenses and others	(13,384)	25,989
Trade and other payables	516,553	(349,127)
Deferred revenues	691,785	28,883
	803,283	21,399

Transactions with no effect of cash flow

	2021	2020
	\$	\$
Acquisition of property and equipment financed through lease obligations	430,953	-