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**MINFOCUS EXPLORATION CORP.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MAY 31, 2021**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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*The accompanying unaudited condensed interim consolidated financial statements of Minfocus Exploration Corp. for the three months ended May 31, 2021, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditor.*

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**Minfocus Exploration Corp.****Condensed Interim Consolidated Statements of Financial Position****Unaudited – prepared by management****(Expressed in Canadian Dollars)**

|                                                   | <b>May 31,<br/>2021<br/>\$</b> | <b>February 28,<br/>2021<br/>\$</b> |
|---------------------------------------------------|--------------------------------|-------------------------------------|
| <b>ASSETS</b>                                     |                                |                                     |
| <b>Current assets</b>                             |                                |                                     |
| Cash                                              | <b>25,703</b>                  | 41,480                              |
| Amounts receivable                                | <b>1,063</b>                   | 3,994                               |
| Total current assets                              | <b>26,766</b>                  | 45,474                              |
| Reclamation bonds                                 | <b>5,649</b>                   | 5,649                               |
| Exploration and evaluation assets (Note 6)        | <b>876,329</b>                 | 858,155                             |
| <b>Total assets</b>                               | <b>908,744</b>                 | 909,278                             |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |                                |                                     |
| <b>Current liabilities</b>                        |                                |                                     |
| Trade and other payables (Note 9)                 | <b>376,609</b>                 | 353,311                             |
| Loan payable (Note 10)                            | <b>10,992</b>                  | 10,867                              |
| <b>Total liabilities</b>                          | <b>387,601</b>                 | 364,178                             |
| <b>Shareholders' equity</b>                       |                                |                                     |
| Issued capital (Note 7)                           | <b>7,505,315</b>               | 7,505,315                           |
| Equity reserve (Note 7)                           | <b>334,233</b>                 | 334,233                             |
| Deficit                                           | <b>(7,318,405)</b>             | (7,294,448)                         |
| <b>Total shareholders' equity</b>                 | <b>521,143</b>                 | 545,100                             |
| <b>Total shareholders' equity and liabilities</b> | <b>908,744</b>                 | 909,278                             |

Going concern (Note 1)

These financial statements were approved by the Board of Directors and authorized for issue on July 30, 2021.

(s) Alicia Milne, Director(s) Jody Bellefleur, Director

(Expressed in Canadian Dollars)

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

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**Minfocus Exploration Corp.****Consolidated Statements of Cash Flows****For the three months ended May 31, 2021 and 2020****Unaudited – prepared by management****(Expressed in Canadian Dollars)**

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|                                                                                                   | 2021            | 2020        |
|---------------------------------------------------------------------------------------------------|-----------------|-------------|
|                                                                                                   | \$              | \$          |
| <hr/>                                                                                             |                 |             |
| <b>Cash flows from (used in) operating activities</b>                                             |                 |             |
| Net loss for the period                                                                           | (23,957)        | (6,537)     |
| Non-cash adjustments:                                                                             |                 |             |
| Interest accrued                                                                                  | 125             | -           |
| Non-cash working capital items:                                                                   |                 |             |
| Amounts receivable and prepaid expenses                                                           | 2,931           | (307)       |
| Trade and other payables                                                                          | 23,298          | 6,814       |
|                                                                                                   | <hr/>           | <hr/>       |
| <b>Cash flows (used in) operating activities</b>                                                  | <b>2,397</b>    | <b>(30)</b> |
|                                                                                                   | <hr/>           | <hr/>       |
| <b>Cash flows (used in) investing activities</b>                                                  |                 |             |
| Interest in exploration properties and exploration and evaluation expenditures                    | (18,174)        | -           |
|                                                                                                   | <hr/>           | <hr/>       |
| <b>Cash flows (used in) investing activities</b>                                                  | <b>(18,174)</b> | <b>-</b>    |
|                                                                                                   | <hr/>           | <hr/>       |
| Net change in cash                                                                                | (15,777)        | (30)        |
| Cash, beginning of period                                                                         | 41,480          | 10,305      |
|                                                                                                   | <hr/>           | <hr/>       |
| Cash, end of period                                                                               | 25,703          | 10,275      |
|                                                                                                   | <hr/>           | <hr/>       |
| <b>Supplemental information:</b>                                                                  |                 |             |
| Change in accounts payable attributable to property exploration                                   | \$ -            | \$ -        |
| Common shares issued for interest in exploration and evaluation properties (Note 6 and Note 7(b)) | \$ -            | \$ 12,857   |

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

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## Minfocus Exploration Corp.

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three months ended May 31, 2021 and 2020

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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|                                                     | Number of<br>Shares | Issued<br>Capital<br>\$ | Equity Reserve<br>\$ | Deficit<br>\$      | Total<br>\$    |
|-----------------------------------------------------|---------------------|-------------------------|----------------------|--------------------|----------------|
| <b>Balance, February 29, 2020</b>                   | <b>18,382,222</b>   | <b>7,307,293</b>        | <b>247,801</b>       | <b>(7,130,782)</b> | <b>424,312</b> |
| Shares issued for property interests (Note 6 and 7) | 428,574             | 12,857                  | -                    | -                  | 12,857         |
| Net loss for the period                             | -                   | -                       | -                    | (6,537)            | (6,537)        |
| <b>Balance, May 31, 2020</b>                        | <b>18,810,796</b>   | <b>7,320,150</b>        | <b>247,801</b>       | <b>(7,137,319)</b> | <b>430,632</b> |

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|                              | Number of<br>Shares | Issued<br>Capital<br>\$ | Equity Reserve<br>\$ | Deficit<br>\$      | Total<br>\$    |
|------------------------------|---------------------|-------------------------|----------------------|--------------------|----------------|
| Balance, February 28, 2021   | 24,910,796          | 7,505,315               | 334,233              | (7,294,448)        | 545,100        |
| Net loss for the period      | -                   | -                       | -                    | (23,957)           | (23,957)       |
| <b>Balance, May 31, 2021</b> | <b>24,910,796</b>   | <b>7,505,315</b>        | <b>334,233</b>       | <b>(7,318,405)</b> | <b>521,143</b> |

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

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# **Minfocus Exploration Corp.**

## **Notes to Condensed Interim Consolidated Financial Statements**

**For the three months ended May 31, 2021**

**Unaudited – prepared by management**

**(Expressed in Canadian Dollars)**

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### **1. Nature of operations and going concern**

Minfocus Exploration Corp. (“Minfocus Exploration” or the “Company”) was incorporated under the British Columbia Business Corporations Act on May 6, 2010. The Company completed its Initial Public Offering (“IPO”) on October 19, 2010 and its shares were listed on the TSX Venture Exchange (the “TSXV”) on October 21, 2010. The Company is principally engaged in the business of exploring and developing base and precious metal mineral properties. Substantially all of the efforts of the Company are devoted to these business activities and to date the Company has not earned significant revenues. The head office of the Company is located at Suite 440 - 755 Burrard Street, Vancouver, British Columbia, V6Z 1X6.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to social and government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

These condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business.

As at May 31, 2021, the Company has not earned revenue and has an accumulated deficit of \$7,318,405 (February 28, 2021 - \$7,294,448), had cash of \$25,703 (February 28, 2021 - \$41,480) and a working capital deficit of \$360,835 (February 28, 2021 - \$318,704). The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and/or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

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# Minfocus Exploration Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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### 2. Summary of significant accounting policies

#### (a) Statement of compliance

The consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended February 28, 2021. However, this interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

#### (b) Basis of presentation and consolidation

The consolidated financial statements have been prepared on the historical cost basis, except for cash equivalents which are reflected at fair value as set out in the accounting policies below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements include the financial statements of the Company and its wholly owned Canadian subsidiaries Minfocus International Inc. (“Minfocus International”) and 2244223 Ontario Inc. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

### 3. Critical judgements and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company’s management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates. The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

#### *Going concern*

Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgements.

#### *Capitalization of exploration and evaluation expenditures*

Management has determined that exploration and evaluation expenditures incurred during the year have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 6 for details of capitalized exploration and evaluation expenditures.

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# Minifocus Exploration Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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### 3. Critical judgements and estimation uncertainties (Continued)

#### *Impairment of exploration and evaluation assets*

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

#### *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 non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgement used in applying valuation techniques. These assumptions and judgements include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

### 4. Capital management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of metallic resource assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which comprises issued capital, equity reserve and accumulated deficit, which totalled \$521,143 at May 31, 2021 (February 28, 2021 - \$545,100).

The Company invests all capital not required for its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with select major Canadian financial institutions.

The Company is currently attempting to identify economic base and precious metal resources with an emphasis on zinc, gold, and silver and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned acquisitions and exploration, as well as pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
- (ii) minimizing discretionary disbursements; and
- (iii) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

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# Minifocus Exploration Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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### 4. Capital management (Continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company's capital management objectives, policies and processes have remained unchanged during the three months ended May 31, 2021 and the year ended February 28, 2021.

### 5. Financial instruments and financial risk factors

#### Fair value measurements

|                                                      | May 31,<br>2021 | February 28,<br>2021 |
|------------------------------------------------------|-----------------|----------------------|
| <b>Financial assets</b>                              |                 |                      |
| <i>FVPL, measured at fair value</i>                  |                 |                      |
| Cash                                                 | \$ 25,703       | \$ 41,480            |
| Reclamation bonds                                    | 5,649           | 5,649                |
| <b>Financial liabilities</b>                         |                 |                      |
| <i>Other liabilities, measured at amortized cost</i> |                 |                      |
| Trade and other payables                             | \$ 376,609      | \$ 353,311           |
| Loan Payable                                         | 10,992          | 10,867               |

#### Fair value hierarchy

IFRS 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at May 31, 2021, the Company's financial instruments are comprised of cash, reclamation bonds, trade and other payables, and loan payable. The carrying value of these financial instruments approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows:

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**Minifocus Exploration Corp.****Notes to Condensed Interim Consolidated Financial Statements****For the three months ended May 31, 2021****Unaudited – prepared by management****(Expressed in Canadian Dollars)**

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**5. Financial instruments and financial risk factors (Continued)****At May 31, 2021**

| <b>Assets</b>     | <b>Level 1</b> |        | <b>Level 2</b> |   | <b>Level 3</b> |   | <b>Total</b> |
|-------------------|----------------|--------|----------------|---|----------------|---|--------------|
| Cash              | \$             | 25,703 | \$             | - | \$             | - | \$ 25,703    |
| Reclamation bonds |                | 5,649  |                | - |                | - | 5,649        |
| Total             | \$             | 31,352 | \$             | - | \$             | - | \$ 31,352    |

**At February 28, 2021**

| <b>Assets</b>     | <b>Level 1</b> |        | <b>Level 2</b> |   | <b>Level 3</b> |   | <b>Total</b> |
|-------------------|----------------|--------|----------------|---|----------------|---|--------------|
| Cash              | \$             | 41,480 | \$             | - | \$             | - | \$ 41,480    |
| Reclamation bonds |                | 5,649  |                | - |                | - | 5,649        |
| Total             | \$             | 47,129 | \$             | - | \$             | - | \$ 47,129    |

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and metals price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There were no changes in the risks, objectives, policies and procedures from the previous year.

**Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at May 31, 2021, the Company had a cash balance of \$25,703 (February 28, 2021 - \$41,480) to settle current liabilities of \$376,609 (February 28, 2021 - \$353,311). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company has no other contractual obligations other than trade and other payables. As discussed in Note 1, the Company's ability to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

**Market risk****(a) Interest rate risk**

The Company has cash balances and no interest-bearing debt, other than the loans described in Note 10. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of select major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

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# Minifocus Exploration Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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### 5. Financial instruments and financial risk factors (Continued)

#### Market risk (Continued)

##### (b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and a significant portion of the Company's expenditures are transacted in Canadian dollars. As a result, the Company's exposure to the foreign currency risk is minimal at this time but may increase as the Company develops its US based property.

##### (c) Commodity price risk

The Company is exposed to price risk with respect to base and precious metal prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to price movements and volatilities. The Company closely monitors prices to determine the appropriate course of action to be taken by the Company.

##### (d) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with amounts receivable, which is comprised primarily of GST/HST receivable due from the Federal Government of Canada. The Company has no significant concentration of credit risk arising from its operations. Management believes that the credit risk concentration with respect to amounts receivable is low.

### 6. Interest in exploration properties and exploration and evaluation expenditures

|                                      | Nevada<br>Rose | Angelo<br>Bell | Coral<br>Zinc | Peregrine<br>Zinc | Round Pond | Total      |
|--------------------------------------|----------------|----------------|---------------|-------------------|------------|------------|
| Balance, February 29, 2020           | \$ -           | \$ -           | \$ 648,495    | \$ 72,255         | \$ 39,729  | \$ 760,479 |
| <b>Additions during the year</b>     |                |                |               |                   |            |            |
| <b>Property acquisition costs</b>    |                |                |               |                   |            |            |
| Cash                                 | 17,050         | -              | -             | -                 | 665        | 17,715     |
| Shares issued for property interests | 10,000         | -              | -             | -                 | 12,857     | 22,857     |
| <b>Property exploration costs</b>    |                |                |               |                   |            |            |
| Assays                               | 3,649          | -              | -             | -                 | -          | 3,649      |
| Geophysical surveying                | 30,255         | -              | -             | -                 | 23,200     | 53,455     |
| Balance, February 28, 2021           | \$ 60,954      | \$ -           | \$ 648,495    | \$ 72,255         | \$ 76,451  | \$ 858,155 |
| <b>Additions during the period</b>   |                |                |               |                   |            |            |
| <b>Property acquisition costs</b>    |                |                |               |                   |            |            |
| Cash                                 | 8,794          | 9,380          | -             | -                 | -          | 18,174     |
| Balance, May 31, 2021                | \$ 69,748      | \$ 9,380       | \$ 648,495    | \$ 72,255         | \$ 76,451  | \$ 876,329 |

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## **Minifocus Exploration Corp.**

### **Notes to Condensed Interim Consolidated Financial Statements**

**For the three months ended May 31, 2021**

**Unaudited – prepared by management**

**(Expressed in Canadian Dollars)**

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#### **6. Interest in exploration properties and exploration and evaluation expenditures (Continued)**

##### **Coral Zinc Project, British Columbia**

In January 2015, the Company entered into an agreement pursuant to which it had an option to earn up to an initial 60% interest in the Coral Zinc Project, a zinc project situated in northern British Columbia. The optioned claims were subject to work and payment commitments. The Company earned a 20% interest, but during the year ended February 28, 2019, the Company determined that it was not able to meet its commitment to earn the remaining 40% interest in the claims and terminated the option agreement.

In September 2018, the Company acquired an additional 36% beneficial ownership interest in the Coral Zinc Project by issuing 7,180,000 shares and 7,180,000 share purchase warrants, exercisable at \$0.07 for 2 years with a fair value of \$287,200. As a result, the Company now holds a 56% interest.

The Company has pledged a \$10,000 GIC as security under a safekeeping agreement with the Ministry of Finance, British Columbia relating to the application for permits on the Coral Zinc Project. This amount is included in cash on the statement of financial position.

##### **Peregrine Zinc Project, British Columbia**

The Peregrine Zinc Project, located in southeastern British Columbia, comprises optioned claims supplemented by claims staked by the Company. In January 2017, the Company entered into an option earn-in agreement on the Peregrine Zinc Project, to earn a 100% interest over a period of two years by making optional staged payments totaling \$10,000 cash (paid) and issuing 142,857 shares (78,571 issued during the year ended February 28, 2018 and 50,000 issued during the year ended February 28, 2019) plus the grant of a 2% net smelter returns royalty ("NSR"). The Company has the option to repurchase up to 1% of the NSR for \$1,000,000 after commercial production. The Peregrine claims remain in good standing until December 31, 2021 (formerly September 29, 2021 but extended due to Covid-19).

##### **Round Pond Zinc Project, Newfoundland**

In March 2018, the Company entered into an agreement to acquire a 100% interest in the Round Pond Zinc Project, comprising 30 claims (750 hectares), located in Western Newfoundland for total consideration of 750,000 shares (321,432 shares issued during the year ended February 28, 2019 with a fair value of \$24,107 and 428,574 shares issued during the year ended February 28, 2021 with a fair value of \$12,857) of the Company. A 2.0% NSR royalty is to be granted upon completion of all payments to earn the 100% interest, of which \$1.5 million can be paid to reduce the royalty to a 0.75% NSR interest. The Company staked an additional 33 contiguous claims to the Round Pond Zinc Project, extending the property to its present 1,575 ha size. The Round Pond claims remain in good standing, with assessment work filings required by November 18, 2021.

##### **Nevada Rose Precious Metals Property, Nevada USA**

On February 28, 2020, the Company entered into an agreement with GeoCorp to acquire 22 lode mineral claims in SW Eureka County Nevada, known as the Nevada Rose Precious Metals Property ("Nevada Rose Property"). In accordance with the agreement, the Company will issue 200,000 shares to GeoCorp upon approval by the TSXV (issued during the year ended February 28, 2021, with a fair value of \$10,000), pay \$10,000 USD upon closing of a financing of at least \$100,000 within 3 months of TSXV approval (paid with a value of \$13,535 CAD during the year ended February 28, 2021), and commit to a first year work program of \$50,000 USD. The anniversary date of the future payments is now set to July 3, 2020. The subsequent commitments are as follows:

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## **Minfocus Exploration Corp.**

### **Notes to Condensed Interim Consolidated Financial Statements**

**For the three months ended May 31, 2021**

**Unaudited – prepared by management**

**(Expressed in Canadian Dollars)**

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#### **6. Interest in exploration properties and exploration and evaluation expenditures (Continued)**

##### **Nevada Rose Precious Metals Property, Nevada USA (Continued)**

1<sup>st</sup> anniversary - \$20,000 USD cash payment and \$200,000 USD work commitment

2<sup>nd</sup> anniversary - \$30,000 USD cash payment and \$200,000 USD work commitment

3<sup>rd</sup> anniversary until the 10<sup>th</sup> anniversary - \$50,000 USD cash payment and \$500,000 USD work commitment per year. If not in production on the 10<sup>th</sup> anniversary, \$200,000 USD cash payment and \$2.0 million USD work commitment.

Upon completion of all payments and work commitments up to and including the 10<sup>th</sup> anniversary, the Company will have earned 100% interest in all property rights and title to the Nevada Rose Property. Upon production, all further payments and work commitments by the Company shall cease and a 3% NSR shall be granted to GeoCorp, with no buydown but a purchase of part or whole of the NSR is negotiable. On July 21, 2020, the Company received TSX Venture Exchange approval of the acquisition.

##### **Angelo Bell Precious Metals Property, Nevada USA**

In May 2021 Minfocus recorded 16 lode claims, oriented north-south, and with their centre located approximately 7 km west from Nevada Rose, on a new property which has been named Angelo Bell. The claims cover old workings surrounding the Angelo Bell Mine, a historic property about which little information is available, but which produced small amounts of silver prior to 1900. To date Minfocus has not conducted any exploration on the property. Minfocus claims surround two lode claims which cover the workings of the Silver King Mine dating from the same period which were previously staked by others.

#### **7. Share capital**

##### **Common Shares**

###### *(a) Authorized*

Unlimited number of common shares without par value.

###### *(b) Issued*

As at May 31, 2021, the Company had 24,910,796 (February 28, 2021 – 24,910,796) shares issued and outstanding.

###### *Issued during the year ended February 28, 2021:*

On May 28, 2020, the Company issued 428,574 common shares with a fair value of \$12,857 in connection with the Round Pond Property Agreement.

On July 3, 2020, the Company completed a private placement issuing 5,900,000 units (a "Unit") at a price of \$0.03 per unit for gross proceeds of \$177,000. Each Unit consists of one common share of the Company (a "Share") and one share purchase warrant (a "Warrant"), with each warrant entitling the holder to acquire one common share of the Company at a price of \$0.05 until expiry on July 3, 2022. All securities issued are subject to a hold period expiring on November 4, 2020.

On August 4, 2020, the Company issued 200,000 common shares with a fair value of \$10,000 in connection with the Nevada Rose Property Agreement.

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## Minfocus Exploration Corp.

### Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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#### 7. Share capital (Continued)

##### Warrants

|                                                   | Number of<br>Warrants | Weighted Average<br>Exercise Price |
|---------------------------------------------------|-----------------------|------------------------------------|
| Outstanding at February 29, 2020                  | 7,180,000             | \$ 0.07                            |
| Expired                                           | (7,180,000)           | \$ 0.07                            |
| Issued                                            | 5,900,000             | 0.05                               |
| Outstanding at May 31, 2021 and February 28, 2021 | 5,900,000             | \$ 0.05                            |

During the year ended February 28, 2021, the following warrants expired unexercised:

- 7,180,000 warrants expiring September 19, 2020 with a price of \$0.07.

The following table summarizes information about warrants outstanding and exercisable at May 31, 2021:

| Number of<br>Warrants | Exercise Price | Expiry Date  | Number of<br>Exercisable<br>Warrants | Weighted Average<br>Remaining Life (years) |
|-----------------------|----------------|--------------|--------------------------------------|--------------------------------------------|
| 5,900,000             | \$0.05         | July 3, 2022 | 5,900,000                            | 1.09                                       |

##### Stock Options

A share option plan (the “Plan”) was adopted by the directors and shareholders of the Company at the Annual and Special Meeting in October. The Plan provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at any time.

|                                                   | Number of<br>Options | Weighted Average<br>Exercise Price |
|---------------------------------------------------|----------------------|------------------------------------|
| Outstanding at February 29, 2020                  | 814,285              | \$ 0.41                            |
| Cancelled                                         | (71,428)             | \$ 0.49                            |
| Issued                                            | 1,304,286            | 0.07                               |
| Outstanding at May 31, 2021 and February 28, 2021 | 2,047,143            | \$ 0.07                            |

On September 9, 2020, a total of 71,428 stock options granted to a former consultant were cancelled.

On September 9, 2020, the Company granted 1,304,286 stock options to directors and consultants exercisable at a price of \$0.07 per share for a term of 5 years from the date of issuance, expiring in September 9, 2025. A fair value of \$76,432 was determined using the Black-Scholes valuation model. The following weighted average assumptions were used: share price - \$0.06; dividend yield – 0%; expected volatility – 156.68%; risk free interest rate – 0.37%; and expected life – 5 years. The options vested immediately upon grant.

## Minifocus Exploration Corp.

### Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

#### 7. Share capital (Continued)

##### Stock options (Continued)

The following table summarizes the stock options outstanding and exercisable at May 31, 2021:

| Number of Options | Exercise Price | Expiry Date        | Number of Exercisable Options | Weighted Average Remaining Life (years) |
|-------------------|----------------|--------------------|-------------------------------|-----------------------------------------|
| 100,000           | \$0.08*        | December 19, 2021  | 100,000                       | 0.55                                    |
| 471,429           | \$0.08*        | February 7, 2023   | 471,429                       | 1.69                                    |
| 85,714            | \$0.08*        | February 14, 2023  | 85,714                        | 1.71                                    |
| 42,857            | \$0.08*        | February 19, 2023  | 42,857                        | 1.72                                    |
| 42,857            | \$0.08*        | March 27, 2023     | 42,857                        | 1.82                                    |
| 1,304,286         | \$0.07         | September 10, 2025 | 1,304,286                     | 4.28                                    |
| 2,047,143         |                |                    | 2,047,143                     | 3.29                                    |

\* Indicates an amended price – see below

In September 2020, the Company re-priced 200,000 stock options previously granted to consultants to \$0.08. At the Company's Annual and Special Meeting held in October 2020, the shareholders approved the re-pricing of 542,857 stock options previously granted to insiders of the Company to \$0.08. The Company recorded \$10,000 of share-based compensation for these repriced options.

#### 8. Basic and diluted net loss per share

The calculation of basic and diluted loss per share for the three months ended May 31, 2021, was based on the loss attributable to common shareholders of \$23,957 (May 31, 2020 - \$6,537) and the weighted average number of common shares outstanding of 24,910,796 (May 31, 2020 – 18,385,745). Outstanding warrants and stock options have been excluded from the calculation of diluted income per share for the periods presented as their effect would be anti-dilutive.

#### 9. Related party balances and transactions

Related parties include the Board of Directors, Officers, and close family members of members of the Board of Directors and Officers and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties during the three months ended May 31, 2021 and May 31, 2020:

| For the year ended  | May 31,<br>2021 | May 31,<br>2020 |
|---------------------|-----------------|-----------------|
| Compensation - cash | \$ 15,000       | \$ -            |

Officers and directors of the Company and companies controlled by such individuals were owed \$209,629 as at May 31, 2021 (February 28, 2021 – \$192,751) for services rendered and for expenses incurred in the ordinary course of business. The amounts are unsecured, non-interest bearing with no fixed terms of repayment.

#### 10. Loans payable

During the year ended February 29, 2020, the Company entered into a loan agreement with an individual for the principal sum of \$10,000. Interest will be charged on the loan based on an agreed upon bank rate. The original term of the loan was six months, and subsequently the term of the loan was extended to December 31, 2021. Interest expense of \$992 has been accrued to May 31, 2021.