



# MILLENNIAL

## PRECIOUS METALS

(formerly Millennial Silver Corp.)

Condensed Interim Financial Statements (Unaudited)  
(Expressed in Canadian Dollars)

As at and for the three month periods ended March 31, 2021 and 2020

# MILLENNIAL PRECIOUS METALS CORP.

(formerly Millennium Silver Corp.)

## Condensed Interim Statements of Financial Position (Unaudited)

(Expressed in Canadian Dollars)

|  | March 31,<br>2021    | December 31,<br>2020 |
|--|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |
| <b>Current</b>   |                      |                      |
| Cash and cash equivalents (Note 4)                             | \$ 7,662,508         | \$ 8,686,883         |
| HST receivable (Note 5)  | 158,521              | 92,219               |
| Prepaid expenses and deposits                                  | 301,908              | 294,822              |
| Cash held in escrow (Note 17)                                  | 23,191,797           | -                    |
| <b>Total Current Assets</b>                                    | <b>\$ 31,314,734</b> | <b>\$ 9,073,924</b>  |
| Reclamation deposits (Note 6)                                  | 25,515               | -                    |
| Property, plant and equipment (Note 7)                         | 332,598              | -                    |
| <b>Total Assets</b>  | <b>\$ 31,672,847</b> | <b>\$ 9,073,924</b>  |
| <b>Liabilities</b>   |                      |                      |
| <b>Current</b>   |                      |                      |
| Accounts payable and accrued liabilities (Note 8 and 15)       | \$ 631,141           | \$ 319,207           |
| RSU liability (Note 11)  | 800,000              | -                    |
| Current portion of lease obligation (Note 9)                   | 51,232               | -                    |
| <b>Total Current Liabilities</b>                               | <b>1,482,373</b>     | <b>319,207</b>       |
| Long term portion of lease obligation (Note 9)                 | 245,037              | -                    |
| <b>Total Liabilities</b>                                       | <b>1,727,410</b>     | <b>319,207</b>       |
| <b>Shareholders' Equity (Deficiency)</b>                       |                      |                      |
| Share Capital (Note 10)  | 10,080,208           | 10,080,208           |
| Subscription received in advance (Note 17)                     | 22,827,839           | -                    |
| Reserve for Share-based Payments (Note 11)                     | 661,000              | 661,000              |
| Accumulated Deficit  | (3,623,610)          | (1,986,491)          |
| <b>Total Shareholders' Equity (deficiency)</b>                 | <b>29,945,437</b>    | <b>8,754,717</b>     |
| <b>Total Liabilities and Shareholders' Equity (deficiency)</b> | <b>\$ 31,672,847</b> | <b>\$ 9,073,924</b>  |

*Nature of Operations and Going concern (Note 1)*

*Commitments and Contingencies (Note 16)*

*Events after the reporting period (Note 17)*

Approved on behalf of the Board:

"Jason Kosec" Director

"Terry Harbort" Director

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

# MILLENNIAL PRECIOUS METALS CORP.

(formerly Millennial Silver Corp.)

## Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited)

(Expressed in Canadian Dollars)

| <i>Three month period ended March 31,</i>            | 2021           | 2020 |
|--|----------------|------|
| <b>Administrative expenses</b>                       |                |      |
| Exploration and evaluation expenditures (Note 14)    | \$ 457,733     | \$ - |
| Consulting fees (Note 15)                            | 203,591        | -    |
| Share-based payments (Note 11)                       | 800,000        | -    |
| Professional fees                                    | 46,566         | -    |
| Shareholder information                              | 15,963         | -    |
| Office and general expenses                          | 65,386         | -    |
| Travel expenses                                      | 38,223         | -    |
| Amortization (Note 7)                                | 5,331          | -    |
| Foreign exchange loss                                | 2,479          | -    |
| <b>Total expenses</b>                                | \$ (1,635,272) | \$ - |
| <b>Other income (loss)</b>                           |                |      |
| Interest on lease                                    | (1,847)        | -    |
| <b>Loss and comprehensive loss for the period</b>    | \$ (1,637,119) | \$ - |
| <b>Loss per share - basic and diluted</b>            | \$ (0.03)      | \$ - |
| <b>Weighted average number of shares outstanding</b> | 55,735,108     | 10   |

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

# MILLENNIAL PRECIOUS METALS CORP.

(formerly Millennial Silver Corp.)

## Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency) (Unaudited)

(Expressed in Canadian Dollars)

|  | Share Capital       |                      | Subscription<br>received in<br>advance | Reserve for<br>share-based<br>payments | Accumulated<br>Deficit | Total                |
|--|---------------------|----------------------|--|--|------------------------|----------------------|
|  | Number of<br>Shares | Amount               |  |  |                        |                      |
| <b>Balance at December 31, 2019 and March 31, 2020</b> | <b>10</b>           | <b>\$ 1</b>          | <b>\$ -</b>                            | <b>\$ -</b>                            | <b>\$ (2,000)</b>      | <b>\$ -</b>          |
| Shares issued for cash (Note 10)                       | 53,851,765          | 9,785,530            | -                                      | -                                      | -                      | 9,785,530            |
| Shares issued for settlement of debt (Note 10)         | 1,883,333           | 565,000              | -                                      | -                                      | -                      | 565,000              |
| Share issue costs (Note 10)                            | -                   | (270,323)            | -                                      | -                                      | -                      | (270,323)            |
| Share-based payments (Note 11)                         | -                   | -                    | -                                      | 661,000                                | -                      | 661,000              |
| Loss and comprehensive loss for the period             | -                   | -                    | -                                      | -                                      | (1,984,491)            | (1,984,491)          |
| <b>Balance at December 31, 2020</b>                    | <b>55,735,108</b>   | <b>\$ 10,080,208</b> | <b>\$ -</b>                            | <b>\$ 661,000</b>                      | <b>\$ (1,986,491)</b>  | <b>\$ 8,754,717</b>  |
| <b>Subscription received in advance (Note 17)</b>      | <b>-</b>            | <b>-</b>             | <b>22,827,839</b>                      | <b>-</b>                               | <b>-</b>               | <b>22,827,839</b>    |
| <b>Loss and comprehensive loss for the period</b>      | <b>-</b>            | <b>-</b>             | <b>-</b>                               | <b>-</b>                               | <b>(1,637,119)</b>     | <b>(1,637,119)</b>   |
| <b>Balance at March 31, 2021</b>                       | <b>55,735,108</b>   | <b>\$ 10,080,208</b> | <b>\$ 22,827,839</b>                   | <b>\$ 661,000</b>                      | <b>\$ (3,623,610)</b>  | <b>\$ 29,945,437</b> |

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

# MILLENNIAL PRECIOUS METALS CORP.

(formerly Millennial Silver Corp.)

## Condensed Interim Statements of Cash Flows (Unaudited)

(Expressed in Canadian Dollars)

| <i>Three month period ended March 31,</i>               | 2021           | 2020 |
|---|----------------|------|
| <b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>   |                |      |
| Net Loss  | \$ (1,637,119) | \$ - |
| Adjustments for non-cash items                          |                |      |
| Share-based payments                                    | 800,000        | -    |
| Amortization  | 5,331          | -    |
| Net change in non-cash working capital :                |                |      |
| HST receivable  | (66,302)       | -    |
| Prepaid expenses  | (7,086)        | -    |
| Accounts payable and accrued liabilities                | 311,934        | -    |
| Net cash used in operating activities                   | (593,242)      | -    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |                |      |
| Purchase of property, plant and equipment               | (35,518)       | -    |
| Reclamation deposits                                    | (25,515)       | -    |
| Net cash used in investing activities                   | (61,033)       | -    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |                |      |
| Issuance of subscription receipts                       | 24,000,000     | -    |
| Share issue costs advances                              | (1,172,161)    | -    |
| Repayment of lease obligation                           | (6,142)        | -    |
| Net cash provided from financing activities             | 22,821,697     | -    |
| <b>Net increase in cash</b>                             | \$ 22,167,422  | \$ - |
| <b>Less: cash held in escrow</b>                        | (23,191,797)   |      |
| <b>Cash and cash equivalents at beginning of period</b> | 8,686,883      | 1    |
| <b>Cash and cash equivalents at end of period</b>       | \$ 7,662,508   | \$ 1 |

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

# MILLENNIAL PRECIOUS METALS CORP.

(formerly Millennial Silver Corp.)

Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 1. Nature of operations and going concern

Millennial Precious Metals Corp. ("Millennial" or the "Company") (formerly Millennial Silver Corp.) was incorporated under the laws of the Province of Ontario on October 28, 2019. The Company is engaged in exploration and evaluation of mineral properties in Nevada, USA. The head office and registered address of the Company is located at 350 Bay Street, Suite 400, Toronto, Ontario, M5H 2S6.

The common shares of Millennial began trading on the TSX Venture Exchange on May 5, 2021 under the symbol "MPM", upon successful completion of the reverse take over transaction as described in Note 17. The Company changes its name from Millennial Silver Corp. to Millennial Precious Metals Corp. on closing of the reverse takeover transaction.

### Going Concern

The financial statements have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's ability to continue as a going concern is dependent upon attaining profitable operations, and, if required, the ability to raise equity financing to meet expenditure commitments. There is no assurance that these activities will be successful. The combination of these circumstances set out above represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. However, the Company is managing the business and operations so that it will have adequate resources to continue in operational existence for the foreseeable future. Refer to note 17 for financing arranged subsequent to period end. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that would be necessary if the going concern assumptions were not appropriate. The Company had a net loss during the three month period ended March 31, 2021 of \$1,637,119 and an accumulated deficit of \$3,623,610.

In addition, the Company began operations after the World Health Organization categorized COVID-19 as a pandemic. Financial markets around the world have been extremely volatile due to events and conditions resulting from this pandemic and as a result, the volatility could also impact the Company's ability to continue its operations as a going concern, and the Company's ability to obtain financing on a go forward basis.

## 2. Basis of preparation

### Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and on a basis consistent with the accounting policies disclosed in the Company's annual audited financial statements for the year ended December 31, 2020, except as outlined below in "Recently adopted and applicable accounting standards and policies".

# MILLENNIAL PRECIOUS METALS CORP.

(formerly Millennial Silver Corp.)

Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 2. Basis of preparation (continued)

### Basis of presentation and currency

The notes presented in these interim condensed financial statements include in general only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These financial statements should be read in conjunction with the Company's audited financial statements as at December 31, 2020 and for the year ended December 31, 2020.

### Presentation Currency

These condensed interim financial statements are presented in Canadian dollars and are prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.

### Recently adopted and applicable accounting standards and policies

#### Amendments to IAS 16

Amendments to IAS 16, Property, Plant and Equipment—Proceeds before Intended Use Effective on January 1, 2022, the amendments to IAS 16 require that entities are no longer able to deduct the net proceeds from selling any items from an asset's carrying amount before it is capable of operating in the manner intended by management. Instead, the proceeds should be recognised in accordance with applicable standards and in particular applying the measurement requirements of IAS 2 for the cost of those items. The Amendments to IAS 16 may impact the Company's development projects. The Company early adopted the amendment in January 2021. There was no impact to the current period or comparative periods presented as a result of the amendment.

## 3. Critical accounting judgments and estimates

IFRS requires management to make estimates and judgments that affect the amounts reported in the financial statements. By their nature, these estimates and judgments are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements include:

- Applicability of the going concern assumption (Note 1)
- Determination of functional currency (Note 2)

Critical accounting estimates include:

- Income taxes
- Share-based payments (Note 11 and 15)

# MILLENNIAL PRECIOUS METALS CORP.

(formerly Millennial Silver Corp.)

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

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## 4. Cash and cash equivalents

The balance at March 31, 2021 consists of cash on deposit with major Canadian banks in interest bearing accounts totaling \$7,622,507 (December 31, 2020 - \$8,646,882), guaranteed investment certificates with major Canadian banks of \$40,000 (December 31, 2020 - \$40,000) and cash on hand of \$1 (December 31, 2020 - \$1) for total cash of \$7,662,508 (December 31, 2020 - \$8,686,883).

## 5. HST Receivable

|                             | <u>March 31,</u><br><u>2021</u> | <u>December 31,</u><br><u>2020</u> |
|-----------------------------|---------------------------------|------------------------------------|
| HST receivable              | \$ 158,521                      | \$ 92,219                          |
| <b>Total HST receivable</b> | <b>\$ 158,521</b>               | <b>\$ 92,219</b>                   |

At March 31, 2021, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 12. The Company holds no collateral for any receivable amounts outstanding as at March 31, 2021 and December 31, 2020.

## 6. Reclamation Deposits

The Company is required to make reclamation deposits in respect of its expected site reclamation and closure obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. At March 31, 2021, \$25,515 in cash (December 31, 2020 - \$nil), is on deposit to cover estimated future costs related to ground disturbance with the Bureau of Land Management.



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## 7. Property, Plant and Equipment

|                                       | Machinery<br>and<br>Equipment<br>\$ | Right-of-Use<br>Asset<br>\$ | Total<br>\$ |
|---------------------------------------|-------------------------------------|-----------------------------|-------------|
| Balance at December 31, 2019 and 2020 | -                                   | -                           | -           |
| Additions                             | 35,518                              | 302,411                     | 337,929     |
| Balance at March 31, 2021             | 35,518                              | 302,411                     | 337,929     |

### ACCUMULATED DEPRECIATION

|                                       |     |       |       |
|---------------------------------------|-----|-------|-------|
| Balance at December 31, 2019 and 2020 | -   | -     | -     |
| Additions                             | 291 | 5,040 | 5,331 |
| Balance at March 31, 2021             | 291 | 5,040 | 5,331 |

### NET BOOK VALUE

|                               |               |                |                |
|-------------------------------|---------------|----------------|----------------|
| At December 31, 2019 and 2020 | -             | -              | -              |
| <b>At March 31, 2021</b>      | <b>35,227</b> | <b>297,371</b> | <b>332,598</b> |

## 8. Accounts payable and accrued liabilities

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The amounts are unsecured.

Accounts payable and accrued liabilities consist of the following:

|   | March 31,<br>2021 | December 31,<br>2020 |
|---|-------------------|----------------------|
| Accounts payable                                      | \$ 597,641        | \$ 285,040           |
| Accrued liabilities                                   | 33,500            | 34,167               |
| <b>Total accounts payable and accrued liabilities</b> | <b>\$ 631,141</b> | <b>\$ 319,207</b>    |

# MILLENNIAL PRECIOUS METALS CORP.

(formerly Millennial Silver Corp.)

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(Expressed in Canadian dollars)

## 9. Leases Payable

The Company has entered into commercial leases expiring in and 2026, with an implied interest rate of 8% per annum. The Company's obligations under finance leases are secured by the lessor's title to the leased assets.

The contractual maturities and interest charges in respect of the Company's finance lease obligations are as follows:

|   | March 31,<br>2021 | December 31,<br>2020 |
|---|-------------------|----------------------|
| Not later than one year                           | \$ 73,082         | \$ -                 |
| Later than one year and not later than five years | 286,237           | -                    |
| Less: Future interest charges                     | (63,050)          | -                    |
| Present value of lease payments                   | 296,269           | -                    |
| Less: current portion                             | (51,232)          | -                    |
| Non-current portion                               | \$ 245,037        | \$ -                 |

Reconciliation of debt arising from lease liabilities:

|   | March 31,<br>2021 | December 31,<br>2020 |
|---|-------------------|----------------------|
| Lease liability at beginning of year    | \$ -              | \$ -                 |
| Additions to lease liabilities          | 302,411           | -                    |
| Principal payments on lease liabilities | (6,142)           | -                    |
|   | \$ 296,269        | \$ -                 |

## 10. Share capital

a) Authorized: An unlimited number of common shares with no par value

b) Issued and outstanding:

|  | Number<br>of Shares | Amount<br>\$      |
|--|---------------------|-------------------|
| <b>Balance – December 31, 2019</b>                                 | <b>10</b>           | <b>1</b>          |
| Issued for cash pursuant to private placement of 6,000,000 shares  | 6,000,000           | 300,000           |
| Issued for cash pursuant to private placement of 9,450,000 shares  | 9,450,000           | 945,000           |
| Issued for cash pursuant to private placement of 14,900,000 shares | 14,900,000          | 1,490,000         |
| Issued for cash pursuant to private placement of 23,501,765 shares | 23,501,765          | 7,050,530         |
| Issued for settlement of debt                                      | 1,883,333           | 565,000           |
| Share issue costs  | -                   | (270,323)         |
| <b>Balance – December 31, 2020 and March 31, 2021</b>              | <b>55,735,108</b>   | <b>10,080,208</b> |

# MILLENNIAL PRECIOUS METALS CORP.

(formerly Millennial Silver Corp.)

Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 10. Share capital (continued)

### Financings:

On September 15, 2020, September 18, 2020 and September 25, 2020, the Company completed a private placement financing of common shares and issued 6,000,000 common shares at an issue price of \$0.05 per common share for gross proceeds of \$300,000.

On September 29, 2020, the Company completed a private placement financing of common shares and issued 9,450,000 common shares at an issue price of \$0.10 per common share for gross proceeds of \$945,000.

On October 1, 2020, October 7, 2020, and October 28, 2020 the Company completed a private placement financing of common shares and issued 14,900,000 common shares at an issue price of \$0.10 per common share for gross proceeds of \$1,490,000.

On November 20, 2020, the Company completed a private placement financing of common shares and issued 23,501,765 common shares at an issue price of \$0.30 per common share for gross proceeds of \$7,050,530.

The Company incurred commission costs of \$235,000 and other costs of \$35,323 on the November 20, 2020 financing for total cost of issuance of \$270,323.

### Settlement of debt

On November 17, 2020, the Company issued 1,883,333 common shares at a fair value of \$565,000 (\$0.30 per share), to officers, directors and consultants of the Company as settlement for outstanding fees owed totaling \$560,427. The Company recorded a loss of \$4,573 on the settlement of this debt.

### Diluted Weighted Average Number of Shares Outstanding

|   | <b>March 31,<br/>2021</b> | March 31,<br>2020 |
|---|---------------------------|-------------------|
| Basic weighted average shares outstanding:  | <b>55,735,108</b>         | 10                |
| Effect of outstanding securities            | -                         | -                 |
| Diluted weighted average shares outstanding | <b>55,735,108</b>         | 10                |

During the three month periods ended March 31, 2021 and 2020, the Company had a net loss, as such, the diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

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Notes to the Condensed Interim Financial Statements

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## 11. Reserve for share-based payments

### Performance warrants

A summary of performance warrants issued and outstanding is as follows:

|                                  | March 31, 2021                           |                                      | December 31, 2020                        |                                      |
|----------------------------------|--|--------------------------------------|--|--------------------------------------|
|                                  | Weighted<br>Average<br>Exercise<br>Price | Number of<br>Performance<br>Warrants | Weighted<br>Average<br>Exercise<br>Price | Number of<br>Performance<br>Warrants |
| Outstanding at beginning of year | \$ 0.30                                  | 1,600,000                            | \$ -                                     | -                                    |
| Transactions during the year:    |  |                                      |  |                                      |
| Granted                          | -  | -                                    | 0.30                                     | 1,600,000                            |
| Cancelled                        | 0.30                                     | (1,600,000)                          | -  | -                                    |
| Outstanding at end of year       | -  | -                                    | 0.30                                     | 1,600,000                            |
| Exercisable at end of year       | \$ -                                     | -                                    | \$ 0.30                                  | 1,600,000                            |

On October 29, 2020, the Company granted a total of 1,600,000 performance warrants to executives of the Company. The performance warrants are exercisable at a price of \$0.30 per share and expire after a period of 24 months commencing on the date the common shares are listed on a recognized stock exchange.

The warrants were cancelled on March 12, 2021.

These performance warrants had an estimated fair value of \$275,000 at grant date calculated using the following assumptions:

|                         |                                  |
|-------------------------|----------------------------------|
|                         | October 29,<br>2020<br>1,600,000 |
| Grant date share price  | \$ 0.30                          |
| Exercise price          | \$ 0.30                          |
| Expected volatility     | 100%                             |
| Expected option life    | 2.5 years                        |
| Expected dividend yield | 0%                               |
| Risk-free interest rate | 0.23%                            |

Volatility is based on average historical volatility of comparable publicly traded companies. The expected life has been determined by estimating the date that the Company expects to have its common shares listed on a recognized stock exchange. The grant date share price was estimated based on the price value of the November 2020 private placement (Note 10). Changes in the underlying assumptions can materially affect the fair value estimates. The warrants vested immediately on the grant date.

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(Expressed in Canadian dollars)

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## 11. Reserve for share-based payments (continued)

### Restricted Share Units

The Restricted Share Unit Plan (RSU Plan) provides for the grant of restricted share units (each, an “RSU”) convertible into a maximum number of common shares equal to ten percent (10%) of the number of common shares then issued and outstanding, provided, however, the number of common shares reserved for issuance from treasury under the RSU Plan and pursuant to all other security-based compensation arrangements of the Company shall, in the aggregate, not exceed ten percent (10%) of the number of common shares then issued and outstanding. Any common shares subject to a RSU which has been cancelled or terminated in accordance with the terms of the RSU Plan without settlement will again be available under the RSU Plan. When vested, each RSU entitles the holder to receive, subject to adjustments as provided for in the RSU Plan, one common Share or payment in cash for the equivalent thereof based on the volume weighted average trading price of the common shares on the five trading days immediately preceding the redemption date. The terms and conditions of vesting (if applicable) of each grant are determined by the Board at the time of the grant, subject to the terms of the RSU Plan. RSU awards may, but need not, be subject to performance incentives to reward attainment of annual or long-term performance goals. Any such performance incentives or long term performance goals are subject to determination by the Board and specified in the award agreement.

The Company uses the fair value method to recognize the obligation and compensation expense associated with the RSUs. The fair value of RSUs issued is determined on the grant date based on the market price of the common shares on the grant date multiplied by the number of RSUs granted. The fair value is expensed over the vesting term. Upon redemption of the RSU the carrying amount is recorded as an increase in common share capital and a reduction in the liability.

The following table summarizes changes in the number of RSUs outstanding:

|                                     | Number of<br>RSU's | Weighted average<br>fair value |
|-------------------------------------|--------------------|--------------------------------|
| Balance, December 31, 2019 and 2020 | -                  | \$ -                           |
| Issued                              | 1,600,000          | \$ 0.50                        |
| Balance, March 31, 2021             | 1,600,000          | \$ 0.50                        |

### **RSU liability:**

As at March 31, 2021 a liability of \$800,000 (December 31, 2020 - \$nil) has been recorded for RSUs. The RSU's vested immediately on the grant date.

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## 11. Reserve for share-based payments (continued)

### Stock Options

The Board of Directors of the Company adopted a stock option plan (the "Plan") whereby the aggregate number of common shares reserved for issuance under the Plan, including common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 10% of the Company's issued and outstanding common shares. The Plan is administered by the Board of Directors and grants made pursuant to the Plan must at all times comply with regulatory policies.

The terms of any options granted under the Plan are fixed by the Board of Directors and may not exceed a term of five years. The exercise price of the options granted under the Plan is set at the last closing price of the Company's common shares before the date of grant or in accordance with regulatory requirements.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following options were outstanding as at March 31, 2021:

| Number of options outstanding | Number of exercisable options | Grant date       | Expiry Date                              | Exercise price | Fair value at grant date |
|-------------------------------|-------------------------------|------------------|--|----------------|--------------------------|
| 2,250,000                     | 2,250,000                     | October 29, 2020 | 24 months after going public transaction | \$ 0.30        | \$386,000                |
| <b>2,250,000</b>              | <b>2,250,000</b>              |                  |  |                | <b>\$386,000</b>         |

The options outstanding as at March 31, 2021 had a weighted exercise price of \$0.30 (December 31, 2019: \$0.30) and a weighted average remaining contractual life of 2.08 years (December 31, 2020: 2.33 years).

All options vested on their date of issue and expire 24 months after going public transaction, or 90 days after the resignation of the director, officer, employee or consultant.

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## 11. Reserve for share-based payments (continued)

### Stock Options (continued)

Fair Value of Share Options Granted in the Year Ended December 31, 2020:

On October 29, 2020, 2,250,000 options were granted to directors, officers and consultants of the Company to acquire the Company's common shares at an exercise price of \$0.30 until 24 months from a going public transaction. These options had an estimated fair value of \$386,000 at grant date.

The fair value of options granted in the year ended December 31, 2020 was calculated using the following assumptions:

|                         |                                  |
|-------------------------|----------------------------------|
|                         | October 29,<br>2020<br>2,250,000 |
| Grant date share price  | \$ 0.30                          |
| Exercise price          | \$ 0.30                          |
| Expected volatility     | 100%                             |
| Expected option life    | 2.5 years                        |
| Expected dividend yield | 0%                               |
| Risk-free interest rate | 0.23%                            |

The options were priced using the Black-Scholes option-pricing model as at the date of the grant assuming a 2.5 year term to maturity with an expected volatility based on comparable companies, an expected dividend yield, and a risk free interest rate, as noted in the table above. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioral considerations.

### Movements in Share Options During the Period

The following reconciles the options outstanding for the three month period ended March 31, 2021 and year ended December 31, 2020:

|   | Number of<br>options | Weighted<br>Average<br>exercise price |
|---|----------------------|---------------------------------------|
| Balance, December 31, 2019                    | -                    | \$ -                                  |
| Granted                                       | 2,250,000            | \$ 0.30                               |
| Balance, December 31, 2020 and March 31, 2021 | 2,250,000            | \$ 0.30                               |

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## 11. Reserve for share-based payments (continued)

### Share-based payment reserve:

The following table summarizes information about share-based payment reserve:

|  |           |                |
|--|-----------|----------------|
| Balance, December 31, 2019                           | \$        | -              |
| Share-based compensation – options                   |           | 386,000        |
| Share-based compensation – performance warrants      |           | 275,000        |
| <b>Balance, December 31, 2020 and March 31, 2021</b> | <b>\$</b> | <b>661,000</b> |

## 12. Financial instruments

Financial assets and financial liabilities as at March 31, 2021 and December 31, 2020:

|  | At fair value<br>through<br>profit of loss | Amortized<br>cost | Other<br>financial<br>liabilities | Total        |
|--|--|-------------------|-----------------------------------|--------------|
| <b>As at March 31, 2021</b>              |  |                   |                                   |              |
| Cash                                     | \$ -                                       | \$ 7,662,508      | \$ -                              | \$ 7,662,508 |
| Cash held in escrow                      | -  | 23,191,797        | -                                 | 23,191,797   |
| Accounts payable and accrued liabilities | -  | -                 | 631,141                           | 631,141      |
| Lease obligation                         | -  | 296,269           | -                                 | 296,269      |
| RSU Liability                            | -  | -                 | 800,000                           | 800,000      |
| <b>As at December 31, 2020</b>           |  |                   |                                   |              |
| Cash                                     | \$ -                                       | \$ 8,686,883      | \$ -                              | \$ 8,686,883 |
| Accounts payable and accrued liabilities | -  | -                 | 319,207                           | 319,207      |

The Company classifies its financial instruments carried at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly;
- Level 3 – Inputs for assets or liabilities that are not based on observable market data

The carrying value of cash, cash held in escrow, accounts payable and accrued liabilities and RSU liability approximate fair value due to their short term nature.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous reporting period.



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## 12. Financial instruments (continued)

### **Credit Risk**

The Company's credit risk is primarily attributable to cash and cash held in escrow.. Management believes that the credit risk concentration with respect to these financial instruments is minimal as the funds are deposited in a Canadian chartered bank and with the TSX Trust.

### **Foreign exchange Risk**

The Company's foreign exchange risk arises primarily with respect to balances denominated in USD. The value of the Company's financial assets and liabilities may be affected unfavourably by fluctuations in currency rates. The Company has not entered into hedging instruments to manage exposure to currency movements at this stage.

### **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 capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. As at March 31, 2021, the Company had current assets of \$31,314,734 (December 31, 2020 - \$9,073,924) to settle current liabilities of \$1,482,373 (December 31, 2020 - \$319,207). Working capital for the Company as at March 31, 2021 was \$29,832,361 (December 31, 2020 - \$8,754,717).

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## 13. Capital management

The Company's capital under management includes equity of \$29,945,437 at March 31, 2021 (December 31, 2020 - \$8,754,717). The Company's objectives when managing capital are to:

- (a) safeguard its ability to continue as a going concern,
- (b) provide an adequate return to shareholders, and
- (c) provide sufficient funding to support on-going exploration and capital development plans.

The Company manages its capital structure and makes adjustments to it to meet the above objectives. The Company monitors capital from time to time using a variety of measures. Monitoring procedures are typically performed as a part of the overall management of the Company's operations. The capital structure of the Company is evaluated by management on an ongoing basis and is adjusted as changes occur in both the economic conditions of the industry in which the Company operates, and the capital markets available to the Company. To maintain or adjust the capital structure, the Company can issue new shares, return shares to shareholders, sell assets, buy back debt or issue new debt and / or any combination thereof.

There were no changes in the Company's approach to capital management during the three month period ended March 31, 2021. The Company is not subject to any externally imposed capital restrictions.

## 14. Exploration and evaluation expenditures

The exploration and evaluation expenses for the Company are summarized as follows:

| Three months ended March 31,                   | 2021              | 2020        |
|--|-------------------|-------------|
| Red Canyon                                     | \$ 426,468        | \$ -        |
| Cerro Colorado                                 | 31,265            | -           |
| <b>Exploration and evaluation expenditures</b> | <b>\$ 457,733</b> | <b>\$ -</b> |

### Red Canyon Agreement:

On October 30, 2020, the Company entered into a definitive agreement, pursuant to which Red Canyon will lease to Millennial, and grant Millennial the sole and exclusive right to acquire a 100% undivided legal and beneficial interest in, 254 unpatented lode mining claims located in Eureka County, Nevada (the "Red Canyon Property").

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## 14. Exploration and evaluation expenditures (continued)

Under the terms of the definitive agreement, the Company will have an option to acquire a 100% undivided interest in the Red Canyon Property by completing the following:

- Total advance cash payments of US\$275,000 (“Advance Payments”) payable as follows:
  - US\$25,000 due on signing of a definitive agreement (“Effective Date”) (paid);
  - US\$25,000 due on or prior to 6 months from the Effective Date (paid subsequent to period end);
  - US\$50,000 due on or prior to the first anniversary from the Effective Date;
  - US\$75,000 due on or prior to the second anniversary from the Effective Date; and
  - US\$100,000 due on or prior to the third anniversary from the Effective Date;
- Reimburse US\$44,970 due for federal annual mining claim maintenance fee reimbursement (paid);
- On or before the 4<sup>th</sup> anniversary of the Effective Date, Millennial shall pay Red Canyon US\$2,000,000 less aggregate amount of Advance Payments paid by Millennial.
- Issuing common shares to Red Canyon as follows:
  - On or prior to the completion of Millennial’s going public transaction by way of reverse take-over (“RTO”), issuing an amount of common shares to ensure Red Canyon owns 2% of the outstanding common shares immediately following completion of the RTO;
  - 1,000,000 common shares on or prior to the first anniversary of the Effective Date;
  - 1,000,000 common shares on or prior to the second anniversary of the Effective Date; and
  - 1,000,000 common shares on or prior to the third anniversary of the Effective Date.
- Spend an aggregate \$1,500,000 in exploration expenditures as follows:
  - US\$500,000 on or prior to the second anniversary of the Effective Date;
  - US\$500,000 on or prior to the third anniversary of the Effective Date; and
  - US\$500,000 on or prior to the fourth anniversary of the Effective Date.
- Issuing to Red Canyon a 2% net smelter return royalty (“NSR”) subject to the Company retaining an option to acquire 1% of the NSR for a cash payment of US\$1,500,000 for a period of two years following the royalty grant.

### **Cerro Colorado Agreement:**

On March 17, 2021, the Company entered into a letter of intent with Tri Minerals Holding Corp (“Tri Minerals”), pursuant to which Tri Minerals will enter into a lease and option agreement with Millennial and grant Millennial the sole and exclusive right to acquire from Tri Minerals a 100% undivided legal and beneficial interest in and to the Silver Hill, Mina del Tajo-west, La Colorada, Nuevo Colorado, Waterman, and Cyanide projects situated in the Cerro Colorado Mining District in Arizona.

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## 14. Exploration and evaluation expenditures (continued)

Pursuant to the terms of the agreement, Tri Minerals will lease the Properties to Millennial (the "Lease") for a period of up to four (4) years and grant Millennial the sole and exclusive right to acquire a 100% undivided legal and beneficial interest in and to the Properties, free and clear of all charges, encumbrances and claims (the "Option"), subject to the following terms and conditions:

- US\$25,000 on the date that this LOI is executed by the Parties (the "initial Payment"). The date that the Definitive Agreement is executed shall be the ("Effective Date")
- US\$25,000 on or prior to the earlier of (i) the date that initial operations permits are received in respect of any of the Properties and (ii) the date that is six months after the Effective Date (the "Subsequent Payment"),
- US\$50,000 on or prior to the 1st anniversary of the Effective Date (the "First Anniversary Payment"); and
- US\$200,000 on or before the 2nd anniversary of the Effective Date (the "Second Anniversary Payment").

**Lease Extension Payment:** On or before the 3rd anniversary of the Effective Date, Millennial may extend the Lease for a period of one (1) year by making a payment of US\$200,000 to Tri Minerals (the "Lease Extension Payment").

**Option Exercise Payment:** On or before the termination of the Lease, but no later than the 4th anniversary of the Effective Date, Millennial may exercise the Option and in such event shall pay Tri Minerals US\$2,500,000, less the aggregate amount of Lease Payments paid by Millennial to Tri Minerals

**Production Royalty:** Following the exercise of the Option and the acquisition by Millennial of a 100% undivided legal and beneficial interest in and to the Properties, Millennial shall grant to Tri Minerals a 1.0% net smelter returns royalty on production from the Properties (the "Royalty"). For a period of five (5) years from the date the Option is executed and the Royalty is granted, Millennial shall have the option to buy back the Royalty for a payment US\$1,500,000.

**Work Commitment:** During the Term and provided all necessary State of Arizona (ASLD), Bureau of Land Management ("BLM") approvals, as appropriate, for exploration activities (including drilling) on the Properties have been obtained, Millennial shall conduct exploration activities in accordance with all permit requirements and the exploration plan set out in Appendix B and shall incur exploration expenditures on the Properties as follows:

- A minimum of US\$500,000 in exploration expenditures on or prior to the second anniversary of the Effective Date (the "First Work Commitment");
- A minimum of US\$500,000 in exploration expenditures on or prior to the third anniversary of the Effective Date (the "Second Work Commitment"); and
- A minimum of US\$500,000 in exploration expenditures on or prior to the fourth anniversary of the Effective Date (the "Third Work Commitment").

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## 15. Related Party Transactions

### Compensation of Key Management Personnel of the Company

Key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

The remuneration of directors and other members of key management personnel during the three month period ended March 31, 2021 and 2020 were as follows:

|   | <b>March 31,<br/>2021</b> | March 31,<br>2020 |
|---|---------------------------|-------------------|
| Short term employee benefits, director fees | \$ 209,591                | \$ -              |
| Share-based payments                        | 800,000                   | -                 |
|   | <b>\$ 1,009,591</b>       | \$ -              |

As at March 31, 2021, an amount of \$46,355 (December 31, 2020 - \$75,604) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

## 16. Commitments and contingencies

The complex nature of the mining industry, as well as the regulatory environment in which it operates can result in occasional claims, investigatory matters, and legal and tax proceedings that arise from time to time. These matters could subject the Company various uncertainties and may ultimately be resolved with terms unfavorable to the Company. This being the case, certain conditions may exist as of the date the financial statements are issued, which could result in a loss to the Company. In the opinion of management none of these matters are expected to have a material effect on the results of operations, or the financial condition, of the Company. In the event of a change in management's estimate of the future resolution of such matters, the Company will recognize the effects of the change in its financial statements at that time.

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## 17. Events after the reporting period

### Waterton Agreement:

- On September 14, 2020, the Company entered into a letter of intent (the “LOI”) with Clover Nevada LLC (“Waterton”) to enter into a definitive agreement, pursuant to which Millennial will acquire Waterton’s interest in the Mountain View, Wildcat, Marr, Ocelot, Eden and Dune properties located in Nevada (“the Nevada Properties”).
- Total cash consideration of US\$10,000,000 payable as follows:
  - US\$5,000,000 due on completion of the acquisitions of the Nevada Properties (“Effective Date”) (paid subsequent to period, see Note 17);
  - US\$2,500,000 upon the earlier of (A) announcement of a maiden NI 43-101 compliant mineral resource prepared by Millennial at any of the Nevada Properties, and (B) the date that is twelve (12) calendar months following the date that the material approvals for exploration drilling activities on the first of the Nevada Properties to be drilled have been obtained; and
  - US\$2,500,000 upon the earlier of (A) completion of a Preliminary Economic Assessment as defined by NI 43-101 at any of the Nevada Properties, and (B) the date that is twenty-four (24) calendar months following the date that the material approvals for exploration drilling activities on the first of the Nevada Properties to be drilled have been obtained.
- Share and warrant consideration as follows:
  - Millennial will issue to Waterton the greater of (i) an amount of common shares of Millennial (“Shares”) representing a 19.9% equity interest in the outstanding Shares on a basic basis, post completion of the RTO (see Note 17), and (ii) an amount of Shares representing an indicative value of \$9,000,000 based on an indicative equity financing of approximately \$15,000,000 at a proposed price of \$0.50 per unit (“Unit”), with each unit to be comprised of one Share and one-half of one Share purchase warrant (“Warrants”). Additionally, Millennial would issue warrants to Waterton (on the same terms and conditions of the Warrants issued to investors in the Equity Financing) in an amount equal to the number of Warrants that would be received by an investor assuming a cash subscription in the Equity Financing of \$9,000,000 .
- Issuing to Waterton a 2.0% NSR royalty on production from the Marr, Ocelot, Eden and Dune properties. Millennial shall have an option at any time to buy down one-half of each royalty, thereby reducing the royalty to a 1.0% NSR royalty per property, for US\$1,500,000 per property; and a 0.5% NSR royalty on gold production from the Mountain View and Wildcat properties.

On November 12, 2020, the Company paid CAD\$150,000 cash advance to extend the LOI.

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## 17. Events after the reporting period (continued)

On April 28, 2021, the Company completed the announced series of transactions with Millennial Precious Metals Corp. (formerly 1246768 B.C. Ltd.) ("Millennial Precious") and Clover Nevada LLC ("Waterton"), including a reverse take-over and acquisition ("Acquisition") by Millennial Precious of all of the issued outstanding shares of the Company, resulting in Millennial Precious indirectly acquiring Waterton's interest in each of the Wildcat Property, the Mountain View Property, the Marr Property, the Ocelot Property, the Eden Property and the Dune Property located in Nevada and also a lease and option to purchase the Red Canyon Property also located in Nevada. The transactions were effected through an asset purchase agreement dated December 11, 2020 (the "Asset Purchase Agreement") between Millennial Precious (as successor to 1246768 B.C. Ltd. ("768")), the Company and Waterton and an amalgamation agreement dated December 11, 2020 between the Company and 768 (the "Amalgamation Agreement"). The common shares of Millennial Precious began trading on the TSX Venture Exchange on May 5, 2021 under the symbol "MPM"

Pursuant to the Acquisition, each share of Millennial was exchanged for one share of Millennial Precious. Millennial Precious consolidated its share capital on a 1.5:1 basis prior to closing of the transaction so that the holders of Millennial Precious shares received 1,999,999 shares of the resulting issuer following completion of the Acquisition.

### **Subscription Receipts:**

On February 11, 2021, the Company completed a financing of 48,000,000 subscription receipts at a price of \$0.50 per subscription receipt for gross proceeds of \$24,000,000. The brokered financing includes 6% of broker commission, excluding proceeds falling under the Presidents List at 3% commission, as well as 6% broker warrants. Each broker warrant entitles the holder to acquire a common share of the Company at a price of \$0.50 for a period of 24 months from April 28, 2021.

The subscription receipts financing was closed on February 11, 2021, and the net cash proceeds from the sale of the subscription receipts were held by an escrow agent, in a restricted account, until closing of the Acquisition on April 28, 2021. As at March 31, 2021, the escrow account balance was included in cash held in escrow with a balance of \$23,191,797 (December 31, 2020 - \$nil). As at March 31, 2021, \$22,827,839 (December 31, 2020 - \$nil) is reflected under subscriptions received in advance in the statement of shareholders equity, being the balance of \$24,000,000 received less \$808,203 in closing costs which have been paid in advance of closing, which together with other closing costs of \$363,958, totaling \$1,172,161.

Each subscription receipt was converted into one Millennial Precious share immediately prior to the closing of the Acquisition.