

# **YORKTON VENTURES INC.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**Three Month Period Ended**

**September 30, 2021**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**YORKTON VENTURES INC.**

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	<b>September 30, 2021</b>	<b>June 30, 2021</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	10,025	345,533
GST receivable	1,149	925
Prepays	1,934	3,385
	13,108	349,843
<b>Exploration and evaluation assets (Note 4)</b>	<b>1,735,515</b>	<b>700,000</b>
	<b>1,748,623</b>	<b>1,049,843</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	54,966	5,545
Loan payable (Note 5)	230,000	-
	284,966	5,545
<b>Shareholders' equity</b>		
Share capital (Note 6)	2,220,241	1,920,241
Share-based reserves	303,499	303,499
Share subscriptions (Note 6)	170,000	-
Deficit	(1,230,083)	(1,179,442)
	1,463,657	1,044,298
	<b>1,748,623</b>	<b>1,049,843</b>

**Nature of operations and continuance of business (Note 1)****Subsequent events (Note 12)**

On behalf of the Board of Directors:

"Nick Watters" Director

"Andrew Smith" Director

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

**YORKTON VENTURES INC.**

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Three Month Period Ended September 30, 2021</b>	<b>Three Month Period Ended September 30, 2020</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>EXPENSES</b>		
General and administrative	5,981	2,437
Management fees (Note 9)	30,000	-
Professional and consulting fees	14,700	12,000
	<u>(50,681)</u>	<u>(14,437)</u>
Interest income	40	4,113
<b>Loss and comprehensive loss for the period</b>	<u>(50,641)</u>	<u>(10,324)</u>
<b>Basic and diluted loss per common share</b>	<u>(0.00)</u>	<u>(0.00)</u>
<b>Weighted average common shares outstanding</b>	<u>20,211,597</u>	<u>18,163,043</u>

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

**YORKTON VENTURES INC.**

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Amount (\$)	Share Subscriptions (\$)	Share-based Reserves (\$)	Deficit (\$)	Total Shareholders' Equity (\$)
<b>Balance at June 30, 2020</b>	<b>12,000,000</b>	<b>1,524,566</b>	-	<b>303,099</b>	<b>(958,296)</b>	<b>869,369</b>
Common shares issued - private placement	8,100,000	395,675	-	400	-	396,075
Loss for the period	-	-	-	-	(10,324)	(10,324)
<b>Balance at March 31, 2021</b>	<b>20,100,000</b>	<b>1,920,241</b>	-	<b>303,499</b>	<b>(968,620)</b>	<b>1,255,120</b>
Loss for the period	-	-	-	-	(210,822)	(210,822)
<b>Balance at June 30, 2021</b>	<b>20,100,000</b>	<b>1,920,241</b>	-	<b>303,499</b>	<b>(1,179,442)</b>	<b>1,044,298</b>
Common shares issued - property acquisition	1,000,000	300,000	-	-	-	300,000
Share subscriptions received in advance	-	-	170,000	-	-	170,000
Loss for the period	-	-	-	-	(50,641)	(50,641)
<b>Balance at September 30, 2021</b>	<b>21,100,000</b>	<b>2,220,241</b>	<b>170,000</b>	<b>303,499</b>	<b>(1,230,083)</b>	<b>1,463,657</b>

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

**YORKTON VENTURES INC.**

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Three Month Period Ended September 30, 2021</b>	<b>Three Month Period Ended September 30, 2020</b>
	(\$)	(\$)
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(50,641)	(10,324)
Changes in non-cash working capital items:		
GST receivable	(224)	(158)
Prepays	1,451	(76,538)
Interest receivable	-	(3,025)
Accounts payable and accrued liabilities	49,421	(6,466)
<b>Cash used in operating activities</b>	<b>7</b>	<b>(96,511)</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation expenditures	(735,515)	(105,136)
Proceeds from loan receivable	-	-
<b>Cash used in investing activities</b>	<b>(735,515)</b>	<b>(105,136)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	-	396,075
Proceeds from loan payable	230,000	-
Share subscriptions received in advance	170,000	-
<b>Cash provided by financing activities</b>	<b>400,000</b>	<b>396,075</b>
<b>Change in cash during the period</b>	<b>(335,508)</b>	<b>194,428</b>
<b>Cash, beginning of period</b>	<b>345,533</b>	<b>691,446</b>
<b>Cash, end of period</b>	<b>10,025</b>	<b>885,874</b>

**Supplemental cash flow information (Note 11)***The accompanying notes are an integral part of these financial statements.*

**YORKTON VENTURES INC.**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
THREE MONTH PERIOD ENDED SEPTEMBER 30, 2021

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**1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS**

Yorkton Ventures Inc. (“the Company”) was incorporated on August 30, 2006 under the Business Corporations Act of British Columbia as Brookbank Mining Corp., and changed its name to Yorkton Ventures Inc. on October 9, 2009. The Company has historically been engaged in the acquisition, exploration, and development of prospective oil and gas properties. The Company intends to work to identify and evaluate other properties and exploration programs and/or other business models and opportunities. The Company’s head office is located at Suite 888 – 1027 Davie St., Vancouver, BC, V6E 4L2, Canada.

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (“COVID-19”) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID19 on the Company’s business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows. The Company continues to operate its business, and in response to Federal and Provincial emergency measures, has requested its employees and consultants work remotely wherever possible.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the period ended September 30, 2021, the Company has not generated any revenues from operations and has negative cash flow from operations. As at September 30, 2021, the Company has an accumulated deficit of \$1,230,083. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

**2. BASIS OF PRESENTATION**

**Statement of compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements, and therefore should be read in conjunction with the Company’s audited financial statements for the year ended June 31, 2020, prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Board of Directors of the Company on November 29, 2021.

**Basis of presentation**

These condensed interim financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information.

**Functional and presentation currency**

These condensed interim financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

**2. BASIS OF PRESENTATION** (continued)

**Use of Estimates and Judgments**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Actual results could differ from these estimates.

The significant assumption about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relates to, but is not limited to, the following:

Deferred income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. Deferred tax assets, including those arising from tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. The Company has adequately provided for all income tax obligations; however, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for deferred income taxes.

There were no significant judgments made by management for the reporting period.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements have been prepared using the same accounting policies as those used in the Company's annual financial statements at June 30, 2021.



#### **4. EXPLORATION AND EVALUATION ASSETS**

##### Bellechase, Quebec

On July 3, 2020, the Company entered into an agreement with Delta Resources Limited (“Delta”) to acquire a 100% interest in the Bellechase-Timmins mineral property (the “Property”) located in Quebec, Canada.

To acquire the 100% interest, the Company is to pay a total of \$1,700,000 as follows:

- \$100,000 within ten days of signing the agreement (paid);
- \$250,000 on or before October 15, 2020 (paid);
- \$350,000 on or before February 2, 2021 (paid);
- \$200,000 on or before August 1, 2021 (paid);
- \$400,000 on or before September 24, 2021 (paid); and
- \$400,000 on or before March 1, 2022.

In addition, Delta retains a 1% net smelter return (“NSR”) royalty. The Company can purchase half of the NSR in exchange for \$1,000,000.

##### Parkview, Newfoundland

On July 12, 2021, the Company entered into an option agreement (“Parkview Agreement”) wherein it can acquire a 100% interest in certain mineral claims (the “Parkview Claims”) located in Newfoundland, Canada. To acquire the 100% interest, the Company is to make the following cash and share payments:

- Cash payment of \$50,000 (paid) and the issuance of 400,000 shares (issued) on TSX-V approval;
- Cash payment of \$50,000 and issuance of 300,000 shares on or before 14 months following TSX-V approval;
- Cash payment of \$50,000 and issuance of 400,000 shares on or before the second-anniversary of TSX-V approval; and
- Cash payment of \$50,000 and issuance of 600,000 shares on or before third-year anniversary of TSX-V approval.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR, of which half can be repurchased for \$1,000,000. Furthermore, the Company will commence advance royalty payments of \$25,000 beginning after July 12, 2026 until the earlier of the date that the Company begins commercial production or makes a buyout payment to the vendor.

**4. EXPLORATION AND EVALUATION ASSETS** (continued)

Knights Melange, Newfoundland

On July 12, 2021, the Company entered into an option agreement (“Knights Melange Agreement”) wherein it can acquire a 100% interest in certain mineral claims (the “Knights Melange Claims”) located in Newfoundland, Canada. To acquire the 100% interest, the Company is to make the following cash and share payments:

- Cash payment of \$70,000 (paid) and the issuance of 600,000 shares (issued) on TSX-V approval;
- Cash payment of \$50,000 and issuance of 400,000 shares on or before 14 months following TSX-V approval;
- Cash payment of \$50,000 and issuance of 400,000 shares on or before the second-anniversary of TSX-V approval; and
- Cash payment of \$50,000 and issuance of 400,000 shares on or before third-year anniversary of TSX-V approval.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which half can be repurchased for \$1,000,000. Furthermore, the Company will commence advance royalty payments of \$25,000 beginning after July 12, 2026 until the earlier of the date that the Company begins commercial production or makes a buyout payment to the vendor.

**5. LOAN PAYABLE**

On September 23, 2021, the Company received loan payable proceeds of \$230,000 which is non-interest bearing, unsecured, and due on demand. The loan remains outstanding as at September 30, 2021.

**6. SHARE CAPITAL**

**a) Authorized share capital**

Unlimited common shares without par value.

**b) Issued share capital**

Three Month Period Ended September 30, 2021

On August 11, 2021, the Company issued 400,000 common shares in connection with the Parkview Agreement and 600,000 common shares in connection with the Knights Melange Agreement. The aggregate value of the shares issued was \$300,000.

On September 23, 2021, the Company received subscription proceeds of \$170,000 for the exercise of 1,700,000 share purchase warrants at \$0.10 per share. The shares were issued subsequent to the end of the period.

**YORKTON VENTURES INC.**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
THREE MONTH PERIOD ENDED SEPTEMBER 30, 2021

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**6. SHARE CAPITAL** (continued)

Year Ended June 30, 2021

On July 23, 2020, the Company completed a non-brokered private placement wherein it issued 8,100,000 units at \$0.05 per unit for gross proceeds of \$405,000. Each unit consists of a common share and a share purchase warrant which entitles the holder to acquire an additional common share at \$0.075 for the first 12 months, \$0.10 for the subsequent 12 months and \$0.12 for the final 12 months. In connection with the private placement, the Company paid finders' fees of \$6,400 and issued 320,000 finders' warrants with a fair value of \$400. The finder's warrants are exercisable at a price of \$0.35 per common share in the first six months following closing and \$0.50 in the subsequent six months. The fair value of the finder's warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 88%, expected life of one year, risk-free rate of 0.33%, and no expected dividends.

**c) Stock options**

On April 30, 2010, the Company implemented a stock option plan pursuant to which stock options may be granted to directors, officers, employees and consultants of the Company. The Company may grant stock options to a maximum of 10% of the issued shares of the Company at the date of granting the stock options. The minimum exercise price of each stock option must not be less than the discounted market price (as permissible by TSX Venture Exchange Policy). Stock options are exercisable over periods up to ten years and vesting periods can be imposed at the discretion by the Board of Directors.

There were no stock options issued or outstanding during the three month period ended September 30, 2021 or the year ended June 30, 2021.

**d) Share purchase warrants**

The continuity of the Company's warrants is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, June 30, 2020	-	-
Issued	8,420,000	0.09
Balance, June 30, 2021	8,420,000	0.09
Expired	(320,000)	0.50
<b>Balance, September 30, 2021</b>	<b>8,100,000</b>	<b>0.10</b>

A summary of the Company's warrants as at September 30, 2020 is as follows:

Expiry Date	Number of Warrants	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (yrs)
July 23, 2023*	8,100,000	0.10	1.81
	8,100,000	0.10	1.81

\* The exercise price increases to \$0.12 on July 23, 2022.

## **7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### *Financial risk management*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, loan payable and accounts payable and accrued liabilities.

The fair value of cash is measured using level one of the fair value hierarchy. The fair value of loan payable and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

### *Financial instrument risk exposure*

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes.

### *Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments. The Company manages credit risk for cash by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist of goods and services tax due from the Canada Revenue Agency. The Company does not believe it has a material exposure to credit risk.

### *Liquidity risk*

The Company seeks to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. As at the balance sheet date, the Company had sufficient cash to meet its current obligations and was not exposed to significant liquidity risk.

### *Interest rate risk*

The Company's exposure to interest rate risk relates to its ability to earn short-term interest on cash balances at variable rates. The Company does not have any variable interest rate liabilities.

**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)

*Currency risk*

The Company is not exposed to significant foreign currency risk.

*Commodity price risk*

The Company is not significantly exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

**8. MANAGEMENT OF CAPITAL**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period ended September 30, 2021.

**9. RELATED PARTY TRANSACTIONS**

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and certain directors and officers and companies controlled or significantly influenced by them.

During the three month period ended September 30, 2021, the Company incurred management fees of \$30,000 (2020 - \$Nil) to the CEO of the Company.

As at September 30, 2021, \$30,000 (June 30, 2021 - \$nil) was recorded in accounts payable and accrued liabilities as owing to the CEO of the Company.

**10. SEGMENTED INFORMATION**

The Company operates in one business segment, being the acquisition and exploration of mineral exploration and evaluation assets in Canada.

**YORKTON VENTURES INC.**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
THREE MONTH PERIOD ENDED SEPTEMBER 30, 2021

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**11. SUPPLEMENTAL CASH FLOW INFORMATION**

During the three month period ended September 30, 2021, the Company issued 1,000,000 (2020 - Nil) common shares valued at \$300,000 (2020 - \$nil) in connection with the acquisition of exploration and evaluation assets.

**12. SUBSEQUENT EVENTS**

Subsequent to September 30, 2021, the Company:

- a) issued 1,700,000 common shares for proceeds of \$170,000 pursuant to the exercise of share purchase warrants.
- b) completed first tranche of a non-brokered private placement wherein it issued 1,000,000 units at \$0.35 per unit for proceeds of \$350,000. Each unit is comprised of one common share and one-half of a share purchase warrant. Each whole share purchase warrant is exercisable at \$0.50 per common share expiring 18 months from the date of issuance, subject to an acceleration provision.
- c) granted 1,200,000 stock options exercisable at \$0.35 per common share expiring on October 14, 2023 to officers, directors, and consultants.