

DISCOVERY HARBOUR RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Discovery Harbour Resources Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

DISCOVERY HARBOUR RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	March 31, 2021 \$	September 30, 2020 \$
Assets			
Current assets			
Cash		2,002,163	1,976,906
Short-term investments	5	6,943	317,629
Amounts receivable		6,036	11,328
Prepaid expenses and deposits		70,187	82,271
Total current assets		2,085,329	2,388,134
Non-current assets			
Investments	5	1	1
Exploration and evaluation assets	6	829,777	732,196
Total assets		2,915,107	3,120,331
Liabilities			
Current liabilities			
Trade and other payables		33,405	33,083
Due to related parties	11	12,563	14,360
Loans payable	8	40,000	40,000
Total liabilities		85,968	87,443
Equity			
Share capital	9	22,156,822	22,156,822
Contributed surplus	9	2,451,834	2,435,528
Accumulated deficit		(21,779,517)	(21,559,462)
Total equity		2,829,139	3,032,888
Total liabilities and equity		2,915,107	3,120,331

Nature of operations and going concern (Note 1)

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors:

 /s/“Mark Fields” Director /s/“Andrew Hancharyk” Director

DISCOVERY HARBOUR RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

		Three months ended		Six months ended	
	Note	March 31 2021	March 31 2020	March 31 2021	March 31 2020
		\$	\$	\$	\$
Expenses					
Accounting and audit fees		6,500	-	12,500	-
Consulting fees	11	-	15,270	3,000	30,270
Insurance		2,835	2,486	5,734	5,000
Interest expense		-	2,414	-	4,573
Investor communications		3,892	54,297	5,382	118,174
Legal		5,371	1,426	6,977	6,054
Management fees	11	25,000	9,000	55,000	15,000
Office and administration	11	5,339	1,459	9,845	4,597
Salaries and benefits	11	17,178	17,215	42,923	33,128
Share-based payments	10	16,306	25,101	16,306	137,565
Transfer agent and filing fees		16,574	4,369	20,029	16,804
Travel		-	3,368	-	6,444
Total expenses		(98,995)	(136,405)	(177,696)	(377,609)
Interest income		56	748	182	1,528
Foreign exchange loss		(4,501)	(20,606)	(44,855)	(19,552)
Unrealized loss on investments		2,314	(231)	2,314	(231)
Other income (expenses)		(2,131)	(20,089)	(42,359)	(18,255)
Net loss and comprehensive loss for the period		(101,126)	(156,494)	(220,055)	(395,864)
Loss per common share, basic and diluted		(0.00)	(0.00)	(0.00)	(0.01)
Weighted average number of common shares outstanding		94,509,294	38,518,994	94,509,294	36,468,315

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

DISCOVERY HARBOUR RESOURCES CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)****(Expressed in Canadian Dollars)**

	Number of Shares	Share Capital \$	Contributed Surplus \$	Equity Portion of Convertible Debenture \$	Accumulated Deficit \$	Total \$
Balance at September 30, 2019	25,797,840	18,781,168	1,729,782	11,255	(20,597,074)	(74,869)
Shares issued for private placement	13,875,000	778,125	9,375	-	-	787,500
Share issue costs	-	(16,358)	3,777	-	-	(12,581)
Share-based payments	-	-	137,565	-	-	137,565
Net loss for the period	-	-	-	-	(395,864)	(395,864)
Balance at March 31, 2020	39,672,840	19,542,935	1,880,499	11,255	(20,992,938)	441,751
Balance at September 30, 2020	94,509,294	22,156,822	2,435,528	-	(21,559,462)	3,032,888
Share-based payments	-	-	16,306	-	-	16,306
Net loss for the period	-	-	-	-	(220,055)	(220,055)
Balance at March 31, 2021	94,509,294	22,156,822	2,451,834	-	(21,779,517)	2,829,139

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

DISCOVERY HARBOUR RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

	2021	2020
	\$	\$
Operating activities		
Net loss for the period	(220,055)	(395,864)
Items not involving cash:		
Loss on foreign exchange	-	16,596
Share-based payments	16,306	137,565
Unrealized (gain) loss on investments	(2,314)	231
Changes in non-cash working capital accounts:		
Amounts receivable	5,292	(2,157)
Due to related parties	(1,797)	-
Prepaid expenses	12,084	914
Trade and other payables	15,210	21,547
Total cash used in operating activities	(175,274)	(221,168)
Investing activities		
Expenditures on exploration and evaluation assets	(291,929)	(191,349)
Cost recoveries on exploration and evaluation assets	179,460	-
Redemption (purchase) of term deposit	313,000	(353,000)
Total cash flows provided by (used in) investing activities	200,531	(544,349)
Financing activities		
Proceeds from share issuances	-	787,500
Share issuance costs	-	(12,581)
Repayments to related parties	-	(9,415)
Total cash flows provided by financing activities	-	765,504
Total change in cash	25,257	(13)
Cash, beginning	1,976,906	7,450
Cash, end	2,002,163	7,437
Supplemental information		
Interest paid	-	4,573
Income taxes paid	-	-

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 1
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Discovery Harbour Resources Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on March 11, 2009. The Company completed a reverse takeover transaction with CVC Cayman Ventures Corp. on April 2, 2013. The Company is listed on the TSX Venture Exchange as a Tier 2 Venture Issuer having the symbol DHR-V.

The address of the Company’s corporate office and principal place of business is Suite 510 - 580 Hornby Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations since inception. The Company has accumulated losses of \$21,779,517 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements for the period ended March 31, 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2020 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 20, 2021.

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 2
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Basis of Measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as described in Note 3.

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Basis of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, 0845837 B.C. Ltd. (active) and Discovery Harbour (USA) LLC (dormant). Inter-company balances and transactions are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2020 annual financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2020 annual financial statements.

5. INVESTMENTS

a) Term Deposits

The term deposits are held at BMO Bank of Montreal. As at March 31, 2021, the fair value of the term deposits is \$nil (September 30, 2020 - \$313,000).

b) Red Oak Mining Corp.

The Company's investment in Pantera Silver Corp. ("PNTR") (previously Red Oak Mining Corp. and Universal Wing Technologies Inc.) is classified as FVTPL and measured at fair value. PNTR is a public company listed for trading on the TSXV. A summary table of the Company's investment in ROC is as follows:

	Number of shares	Fair value \$
Balance, September 30, 2019	46,285	3,240
Unrealized gain	-	1,389
Balance, September 30, 2020	46,285	4,629
Unrealized gain	-	2,314
Balance, March 31, 2021	46,285	6,943

During the year ended September 30, 2020, the Company's investment in PNTR was reclassified from long term investment to short-term investment.

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 3
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

5. INVESTMENTS (CONTINUED)

c) Stratus Aeronautics Inc.

The Company's investment in Stratus Aeronautics Inc. ("Stratus"), a private company incorporated in Canada, is classified as FVTPL and measured at fair value. The Company acquired 594,000 shares of Stratus on September 22, 2011 pursuant to a transaction to settle a \$330,000 loan agreement with Stratus. During the year ended September 30, 2014, the Company wrote down its investment down to its estimated fair value of \$1.

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Nevada Caldera \$	Nevada Caldera Extension \$	Fortuity 89 \$	Total \$
Balance at September 30, 2019	388,971	1,267	-	390,238
Exploration costs				
Assays and mapping	45,049	-	-	45,049
Drilling	54,087	-	-	54,087
Field operations	110	-	-	110
Geological and geophysical	4,074	-	-	4,074
Office, miscellaneous and travel	10,815	-	-	10,815
Sampling and analysis	63,041	-	-	63,041
	177,176	-	-	177,176
Acquisition of property				
Advance royalty	99,281	-	-	99,281
Claim rental	65,501	-	-	65,501
	164,782	-	-	164,782
Balance at September 30, 2020	730,929	1,267	-	732,196
Exploration costs				
Assays and mapping	12,416	-	-	12,416
Drilling	2,331	-	-	2,331
Field operations	1,395	-	-	1,395
Office, miscellaneous and travel	737	-	-	737
Sampling and analysis	7,667	-	-	7,667
	24,546	-	-	24,546
Acquisition of property				
Advance royalty	66,164	-	-	66,164
Claim rental	2,714	-	183,617	186,331
	68,878	-	183,617	252,495
Cost recoveries	-	-	(179,460)	(179,460)
Balance at March 31, 2021	824,353	1,267	4,157	829,777

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 4
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Caldera Property (Nevada, USA)

On November 18, 2016, as amended February 17, 2017 and March 30, 2017, the Company signed an option agreement with Genesis Gold Corporation (the “Vendor”) to acquire a 100% interest, subject to advance minimum royalty payments and a 2% retained royalty, in the Caldera gold property (the “Property”) located in Nye County, Nevada. On December 14, 2020, Metalla Royalty & Streaming Ltd. acquired Genesis Gold Corporation with no change to the option agreement. The Company may earn its interest in the Property by making the following optional payments:

<u>Advance Minimum Royalty</u>	<u>US\$</u>
On signing (paid)	5,000
On or before June 30, 2017 (paid)	15,000
First anniversary (paid)	30,000
Second anniversary (paid)	50,000
Third anniversary (paid)	75,000
Fourth anniversary (amended per below)	100,000
Fifth anniversary	125,000
Sixth anniversary and thereafter	150,000

Beginning with the payment due on the fifth anniversary date, all annual payments will be adjusted at the rate of inflation shown in the U.S. Consumer Price Index (“CPI”) using the CPI on the fourth anniversary date as the basis for adjustment for the remainder of the option agreement term.

During the term of the option, the Company shall pay rentals for the unpatented mining claims to the Bureau of Land Management sufficient to keep the properties in good standing. Should the Company decide to terminate the option on any part of the Property on or after 15 June of any year, the Company will be responsible for making rental payments in that year.

The Company shall issue to the Vendor 166,667 share purchase warrants exercisable at \$0.15 per share for a term of three years (issued June 12, 2017 with a fair value of \$13,290).

The Company may exercise the Option to acquire 100% interest, subject to annual advance minimum royalty payments and a 2% retained royalty, in the Property by requesting title transfer in writing upon having completed US\$400,000 in Advance Royalty Payment to the Vendor.

On May 22, 2020, the Company entered into a third amendment to the Caldera gold property option agreement with Genesis Gold Corporation disclosed above. The fourth anniversary advance royalty payment of US\$100,000 that was payable on or before November 16, 2020 was amended to US\$50,000 payable on or before November 16, 2020 (paid) and US\$50,000 payable on or before May 16, 2021 (paid subsequent to March 31, 2021).

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 5
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b) Caldera Extension Property (Nevada, USA)

On August 15, 2018, as amended September 19, 2018 and December 20, 2018, the Company signed a Letter of Intent with Ore Capital Partners Ltd. (“Ore Capital”) to acquire a 100% interest in the Caldera Extension gold property located in Nye County, Nevada, in return for a 2% net smelter royalty (“NSR”) retained by Ore Capital that the Company can purchase for \$1,000,000 for each one percentage point of the NSR. Ore Capital was a related party by reason of holding beneficial ownership of over 10% of the common shares of the Company and sharing a common director. The acquisition was completed on January 3, 2019.

c) Fortuity 89 Property (Nevada, USA)

On March 8, 2021, the Company entered into an option and earn-in agreement ("the Agreement") with Newcrest Resources, Inc., a wholly owned subsidiary of Newcrest Mining Limited on the Fortuity 89 property in Nevada, USA.

The terms of the Agreement for Newcrest Resources, Inc. to earn an interest are:

Phase	Expenditures (US\$)	Interest Earned by Newcrest Resources Inc. (%)	Total Time for Each Stage
Initial	\$ 1,500,000	Nil	12 months
I	\$10,000,000	51	Up to 24 months
II	\$20,000,000	65	Up to 24 months
III	Completion of Positive Preliminary Economic Assessment in accordance with NI 43-101 (based on minimum of 1M oz gold)	75	Up to 24 months

The initial US\$1,500,000 is a minimum commitment ("Minimum Commitment"); Phases I, II and III are at Newcrest Resources, Inc.'s election to proceed. Should Newcrest Resources, Inc. elect to continue to Phase I, it shall also pay to Discovery Harbour US\$250,000. Newcrest Resources, Inc. can withdraw from the Agreement any time after meeting the Minimum Commitment.

1. The cumulative expenditure through to the end of Phase II is US\$31,500,000. Any excess expenditures from a previous phase will be applied to the subsequent phase.
2. Newcrest Resources, Inc. may extend the Phase III period by 12 months by paying the Company US\$500,000.

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 6
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Fortuity 89 Property (Nevada, USA) (CONTINUED)

3. At the end of Stage III, if Newcrest Resources, Inc. earns a 75% interest it then must acquire the Company's 25% interest at a fair value based upon parameters using standard industry valuation methods.
4. If Newcrest Resources, Inc. earns a 65% interest in Phase II, but elects to not proceed to completion of Phase III, the respective participating interests in the joint venture will revert to the Company owning 51% and Newcrest Resources, Inc. owning 49%.
5. The Company will retain a 2% NSR in a designated area of the joint venture area, provided that Newcrest Resources, Inc. has the right to buy down 0.5% at fair value after completion of Phase III.
6. During the option and earn-in period, Newcrest Resources, Inc. will reimburse the Company for advance royalty payments that Discovery Harbour must pay under the Option to Purchase Agreement for its Caldera and Fortuity 89 properties.

7. CONVERTIBLE DEBENTURE

On April 8, 2017, the Company issued a non-interest bearing, unsecured convertible debenture to Richard Gilliam, a director and major shareholder of the Company, for gross proceeds of \$100,000. The debenture is convertible, at the option of the holder, into common shares of the Company at a conversion price equal to the greater of \$0.15 per share or the subscription price for each common share in the most recently completed private placement of the Company during the term of the debenture. The debenture matured twelve (12) months from the date of closing of the financing on April 8, 2018 and is payable on demand. Using a risk adjusted discount rate of 12%, the equity portion was determined to be \$11,255 and was recognized as the equity portion of convertible debenture on the Consolidated Statement of Financial Position. Accretion expense of \$5,795 was expensed to the Consolidated Statements of Comprehensive Loss during the year ended September 30, 2018. During the year ended September 30, 2020, the convertible debenture was repaid in full.

8. LOANS PAYABLE

On August 1, 2017, the Company received a non-interest bearing, unsecured demand loan of US \$80,000 from Richard Gilliam, a director and major shareholder of the Company. On October 9, 2019, the Company amended the loan to mature on October 9, 2020 ("Maturity") and interest will accrue at a rate of 4% per annum, compounded semi-annually, and will be paid on Maturity together with the outstanding principal. During the year ended September 30, 2020, the loan and accrued interest were repaid in full.

On October 6, 2017, the Company received a non-interest bearing, unsecured demand loan of US \$100,000 from Richard Gilliam. On October 9, 2019, the Company amended the loan to mature on October 9, 2020 ("Maturity") and interest will accrue at a rate of 4% per annum, compounded semi-annually, and will be paid on Maturity together with the outstanding principal. During the year ended September 30, 2020, the loan and accrued interest were repaid in full.

On December 19, 2017, the Company received a non-interest bearing, unsecured demand loan of \$130,000 from Richard Gilliam. The Company repaid \$30,000 of the demand loan on August 2, 2018 and during the year ended September 30, 2020, the remaining \$100,000 was repaid in full.

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 7
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

8. LOANS PAYABLE (CONTINUED)

On April 30, 2020, the Company received a loan from the Canadian government's Canada Emergency Business Account ("CEBA") Program in the amount of \$40,000. The CEBA is a government guaranteed loan of up to \$40,000 that is interest-free until December 31, 2022. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount (\$10,000) is eligible for forgiveness as long as the business pays back \$30,000 on or before December 31, 2022. If the business cannot pay back the loan by December 31, 2022, it can be converted into a 3-year term loan at an interest rate of 5%.

9. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

There were no shares issued during the period ended March 31, 2021.

The Company issued the following common shares during the year ended September 30, 2020:

- i) On October 23, 2019, the Company completed the initial tranche (the "First Tranche") of a non-brokered private placement consisting of 7,884,000 units priced at \$0.05 (the "Units") for gross proceeds of \$394,200. Each Unit consists of one common share and one share purchase warrant (the "Warrant") exercisable into one further common share at a price of \$0.10 for a term of one year, subject to an acceleration provision of the Company whereby, if for any ten (10) consecutive trading days the closing price of the shares on the TSXV exceeds \$0.20 at any time commencing four (4) months after the Closing and until their expiry date, then the remaining term of the Warrants will be reduced to thirty (30) days, commencing seven (7) days from the end of such ten (10) consecutive trading day period.
- ii) On October 31, 2019, the Company completed the final tranche (the "Final Tranche") of a non-brokered private placement consisting of 4,116,000 Units for gross proceeds of \$205,800.
- iii) On February 25, 2020, the Company completed a non-brokered private placement consisting of 1,875,000 units priced at \$0.10 (the "Units") for gross proceeds of \$187,500. Each Unit consists of one common share and one half share purchase warrant, with each whole warrant (the "Warrant") exercisable into one further common share at a price of \$0.15 for a term of two years, subject to an acceleration provision of the Company whereby, if for any ten (10) consecutive trading days the closing price of the shares on the TSXV exceeds \$0.25 at any time commencing four (4) months after the Closing and until their expiry date, then the remaining term of the Warrants will be reduced to thirty (30) days, commencing seven (7) days from the end of such ten (10) consecutive trading day period.

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 8
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

a) Common Shares (continued)

Finder's fees of 6% cash (\$9,450) and 6% finder's warrants (the "Finder's Warrants") (94,500 Finder's Warrants) were paid to registered representatives on \$157,500 of the financing. Each Finder's Warrant is exercisable into one common share at a price of \$0.15 per share for a period of two years from the date of issuance and had a fair value of \$3,777.

- iv) On July 17, 2020, the Company completed a non-brokered private placement consisting of 54,545,454 units at \$0.055 for gross proceeds of \$3,000,000. Each unit consists of one common share and one common share purchase warrant, with each warrant exercisable into one common share at a price of \$0.10 for a term of three years. In connection with the financing the Company paid cash fees of \$199,156 and issued 2,934,605 finders' warrants exercisable at \$0.10 for a period of three years at a fair value of \$222,616.
- v) During the year ended September 30, 2020, the Company received proceeds of \$11,600 from the exercise of 116,000 warrants and proceeds of \$13,125 from the exercise of 175,000 stock options.

b) Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares without par value. No preferred shares have been issued since the Company's inception.

c) Share Purchase Warrants

A summary of the continuity of the Company's share purchase warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance at September 30, 2019	8,200,000	0.10
Issue of warrants	70,512,059	0.10
Expired	(200,000)	0.16
Exercised	(116,000)	0.10
Balance at September 30, 2020	78,396,059	0.10
Expired	(13,884,000)	0.10
Balance at March 31, 2021	64,512,059	0.10

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 9
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

d) Share Purchase Warrants (continued)

The Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding		Exercise Price per Share (\$)	Expiry Date
March 31, 2021	September 30, 2020		
-	7,768,000	0.10	October 23, 2020
-	4,116,000	0.10	October 31, 2020
-	2,000,000	0.10	March 31, 2021
1,032,000	1,032,000	0.15	February 25, 2022
6,000,000	6,000,000	0.10	March 31, 2022
57,480,059	57,480,059	0.10	July 17, 2023
64,512,059	78,396,059		

On March 24, 2021, the Company extended the expiry date of 6,000,000 common share purchase warrants exercisable at \$0.10 per share from March 31, 2021 to March 31, 2022.

10. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a Stock Option Plan dated September 29, 2015 (the “Plan”). Because it is a rolling stock option plan, the Company may grant options to a maximum of 10% of the issued and outstanding Common Shares, from time to time, under the Plan. However, share compensation awards under all share compensation arrangements of the Company may not exceed, in aggregate, 10% of the total number of issued and outstanding Common Shares. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other TSX Venture Exchange Policy requirements. Options granted under the Plan are subject to vesting terms determined by the Board. The Plan was approved by the Company’s shareholders on October 28, 2015 and became effective as of that date.

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 10
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS (CONTINUED)

a) Option Plan Details (continued)

A summary of the continuity of the Company's stock options is presented below:

	March 31, 2021		September 30, 2020	
	Options Outstanding	Weighted Average Exercise Price (\$)	Options Outstanding	Weighted Average Exercise Price (\$)
Opening balance	5,125,000	0.11	386,667	0.34
Granted	300,000	0.065	5,440,000	0.10
Expired	(350,000)	0.11	(526,667)	0.25
Exercised	-	-	(175,000)	0.075
Ending balance	5,075,000	0.11	5,125,000	0.11

On October 4, 2019, the Company granted 1,590,000 stock options with an exercise price of \$0.075 per share expiring October 4, 2024 to directors, employees and consultants. 1,075,000 options vested immediately and 515,000 options granted to a consultant are to vest over a period of 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting.

On October 22, 2019, the Company granted 600,000 stock options with an exercise price of \$0.09 per share expiring October 22, 2024 to a director. All options vested immediately.

On August 24, 2020, the Company granted 3,250,000 stock options with an exercise price of \$0.12 per share expiring August 24, 2025 to directors, officers and consultants. All options vested immediately.

On March 18, 2021, the Company granted 300,000 stock options with an exercise price of \$0.065 per share expiring March 18, 2026 to a director. 150,000 of the options vested immediately and the remaining 150,000 options are scheduled to vest on September 17, 2021.

Details of stock options outstanding and exercisable as at March 31, 2021 and September 30, 2020 are as follows:

Expiry Date	Exercise Price (\$)	March 31, 2021	September 30, 2020
November 23, 2020	1.23	-	10,000
October 4, 2024	0.075	925,000	1,265,000
October 22, 2024	0.09	600,000	600,000
August 24, 2025	0.12	3,250,000	3,250,000
March 18, 2026	0.065	300,000	-
	Outstanding	5,075,000	5,125,000
	Exercisable	4,925,000	5,125,000

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 11
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS (CONTINUED)

b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the period ended March 31, 2021 was \$0.05 per option (year ended September 30, 2020 - \$0.09). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	Period ended March 31, 2021	Year ended September 30, 2020
Expected stock price volatility	123%	122.71%
Risk-free interest rate	1.01%	0.76%
Dividend yield	-	-
Expected life of options	5 years	5 years
Forfeiture rate	-	-

11. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company.

During the period ended March 31, 2021, the Company recorded the following to key management personnel:

- \$55,000 (2020: \$15,000) in management fees to a company controlled by the Chief Executive Officer. As at March 31, 2021, the Company owed \$7,875 to this company (September 30, 2020 - \$10,500) and \$nil to the CEO (September 30, 2020 - \$3,860).
- \$nil (2020: \$15,000) in consulting fees to a company controlled by a Director.
- \$42,923 (2020: \$18,000) in salaries and benefits to a Director and Officer of the Company. As at March 31, 2021, the Company owed \$4,688 to this Director (September 30, 2020 - \$Nil).
- \$nil (2020 - \$12,000) in salaries and benefits to the former CFO of the Company.
- \$16,306 (2020 - \$112,464) in share-based payments to related parties.

The Company had entered into a Strategic Consulting Agreement (the “Agreement”) with Ore Capital, formerly a significant shareholder with a common director, effective September 1, 2018 for a twelve month term with provisions for automatic renewal for consecutive twelve month terms unless 30 days written notice of termination is provided. As compensation for the services provided, Ore Capital received a monthly fee of \$5,000. On January 2, 2020, the amount of \$49,350 payable to Ore Capital was assigned to two directors of Ore Capital, one of whom is also a director of the Company, as to \$24,675 each. The Agreement was terminated on March 31, 2020 and the Company and Ore Capital entered into a debt settlement agreement and the Company recorded a gain on debt settlement of \$15,000.

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 12

FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

The Convertible Debenture described in Note 7 and the Loans Payable described in Note 8 were advanced by Richard Gilliam, a director and major shareholder of the Company.

b) Property Acquisition

The Caldera Extension property described in Note 6(b) was acquired from Ore Capital, a former significant shareholder with a common director, on January 3, 2019.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments include cash, short-term investments, amounts receivable, investments, trade and other payables, due to related parties, convertible debenture and loans payable. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	March 31, 2021		September 30, 2020	
	Fair Value \$	Carrying Value \$	Fair Value \$	Carrying Value \$
FVTPL assets (i)	2,009,107	2,009,107	2,294,536	2,294,536
Amortized cost assets (ii)	6,036	6,036	11,328	11,328
Amortized cost liabilities (iii)	85,968	85,968	87,443	87,443

- (i) Cash, short-term investments, investments
- (ii) Amounts receivable
- (iii) Trade and other payables, due to related parties

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices 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.

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 13

FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at March 31, 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	2,002,163	-	-	2,002,163
Investments	6,944	-	-	6,944

The Company has assessed that the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and cash equivalents. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash and cash equivalents with high credit chartered Canadian financial institutions. As at March 31, 2021, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables, amounts due to related parties, convertible debenture and loans payable. The Company has working capital of \$1,999,361 as at March 31, 2021 and handles its liquidity risk through the management of its capital structure. All of the Company's financial liabilities are due on demand within one year, do not generally bear interest and are subject to normal trade terms, with the exception of the CEBA loan described in Note 8.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no publicly traded debt and no debt that bears variable interest. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 14
FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. The Company is exposed to foreign exchange risk because the Company's financial instruments are denominated in both Canadian dollars and US dollars, and all current exploration occurs within the United States.

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in equity to be capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash.

14. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in the United States:

	March 31, 2021			September 30, 2020		
	Canada \$	USA \$	Total \$	Canada \$	USA \$	Total \$
Current assets	2,085,329	-	2,085,329	2,388,134	-	2,388,134
Investment	1	-	1	1	-	1
Exploration and evaluation assets	-	829,777	829,777	-	732,196	732,196
Total assets	2,085,330	829,777	2,915,107	2,388,135	732,196	3,120,331