ARIZONA GOLD CORP. (FORMERLY "KERR MINES INC.")

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2021

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Arizona Gold Corp. (formerly "Kerr Mines Inc.") (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Arizona Gold Corp. (formerly "Kerr Mines Inc.")

Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian Dollars
Unaudited

	As at March 31, 2021	As at June 30, 2020
ASSETS		
Current assets		
Cash	**$ 9,482,277**	$ 378,331
Accounts receivable (note 4)	**82,446**	65,887
Prepaid expenses and other assets	**570,427**	253,649
Total current assets	**10,135,150**	697,867
Non-current assets		
Restricted investments (note 3)	**1,058,291**	1,146,909
Property, plant and equipment (note 6)	**8,220,537**	9,078,808
Right-of-use assets (note 5)	**51,312**	83,410
Mineral properties (note 7)	**13,099,406**	7,270,466
Total assets	**$ 32,564,696**	$ 18,277,460
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 1,007,695**	$ 1,199,122
Convertible promissory notes payable - current portion (note 12)	**-**	2,522,859
Derivative financial liabilities - current portion (note 13)	**78,990**	96,170
Lease liability (note 8)	**28,177**	28,988
Total current liabilities	**1,114,862**	3,847,139
Non-current liabilities		
Lease liability (note 8)	**7,355**	31,072
Deferred revenue (note 9)	**15,289,634**	-
Other loans payable (note 10)	**196,422**	212,869
Promissory notes payable (note 11)	**6,845,806**	7,031,402
Convertible promissory notes payable (note 12)	**4,923,588**	5,153,264
Derivative financial liabilities (note 13)	**138,502**	112,616
Deferred tax liabilities	**35,394**	35,394
Decommissioning liabilities (note 14)	**2,339,255**	2,530,645
Total liabilities	**30,890,818**	18,954,401
Equity		
Share capital (note 15)	**149,055,924**	145,408,462
Contributed surplus	**13,457,711**	13,457,711
Share-based payments reserve (note 16)	**3,053,987**	2,900,587
Warrant reserve (note 17)	**3,466,048**	1,787,237
Equity portion of convertible debt	**751,000**	-
Accumulated other comprehensive income	**1,176,395**	163,870
Deficit	**(169,287,187)**	(164,394,808)
Total equity	**1,673,878**	(676,941)
Total liabilities and equity	**$ 32,564,696**	$ 18,277,460

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

Nature of operations and going concern (note 1)
Commitments and contingencies (note 20)
Subsequent events (note 22)

Approved on behalf of the Board:

(Signed) "Fahad Al Tamimi" Director (Signed) "Claudio Ciavarella" Director

Arizona Gold Corp. (formerly "Kerr Mines Inc.")

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars
Unaudited

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020
Operating expenses				
Exploration and evaluation expenditures	**$ -**	$ 884,923	**$ 2,218,790**	$ 2,080,377
General and administrative	**15,438**	34,894	**53,307**	49,877
Depreciation (notes 5 and 6)	**-**	102,683	**165,678**	296,469
Consulting fees and salaries (note 19)	**77,441**	98,349	**691,053**	294,751
Professional fees (note 19)	**11,887**	23,021	**190,567**	90,164
Business development	**50,527**	148,247	**305,430**	219,671
	(155,293)	(1,292,117)	**(3,624,825)**	(3,031,309)
Receipts from insurance claim	**-**	-	**1,882,965**	-
Finance charges	**(305,980)**	(285,223)	**(1,020,793)**	(827,219)
Accretion expense	**71,001**	69,519	**(141,716)**	136,794
Net loss on settlement of interest payable	**-**	-	**-**	(20,779)
Loss on warrant extension revaluation (note 17)	**-**	-	**(854,645)**	-
Loss on conversion of convertible debt	**-**	-	**-**	(249,619)
Gain (loss) on foreign exchange	**(165,695)**	1,355,945	**(1,112,365)**	1,276,684
Share-based payments (note 16)	**(21,000)**	(8,607)	**(21,000)**	(269,671)
Net loss for the period	**$ (576,967)**	$ (160,483)	**$ (4,892,379)**	$ (2,985,119)
Other comprehensive income (loss)				
Foreign exchange difference	**140,990**	(953,474)	**1,012,525**	(869,985)
Other comprehensive income (loss) for the period	**140,990**	(953,474)	**1,012,525**	(869,985)
Total comprehensive loss for the period	**$ (435,977)**	$ (1,113,957)	**$ (3,879,854)**	$ (3,855,104)
Basic and diluted net loss per share (note 18)	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding	**346,062,553**	295,486,557	**340,717,589**	288,990,382

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

Arizona Gold Corp. (formerly "Kerr Mines Inc.")

Condensed Interim Consolidated Statements of Cash Flows
Expressed in Canadian Dollars
Unaudited

	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020
Operating activities		
Net loss for the period	**$ (4,892,379)**	$ (2,985,119)
Adjustments for:		
Depreciation	**165,678**	296,469
Accretion expense	**141,716**	(38,263)
Accrued finance charges	**924,561**	834,751
Settlement of management fee	**-**	163,209
Net loss on settlement of interest payable	**-**	20,779
Loss on conversion of convertible debt	**-**	249,619
Loss on warrant extension revaluation	**854,645**	-
Share-based payments	**21,000**	269,671
Change in decommission liability	**-**	113,728
Unrealised foreign exchange (gain)/loss	**165,695**	(1,564,527)
Changes in non-cash working capital items:		
Receivables	**(57,873)**	188,446
Prepaid expenses and other assets	**(275,464)**	(96,597)
Accounts payable and accrued liabilities	**(196,471)**	(95,032)
Net cash used in operating activities	**(3,148,892)**	(2,642,866)
Investing activities		
Development cost on Copperstone Gold Mine	**(5,441,490)**	-
Payments for property, plant and equipment	**(59,731)**	-
Net cash used in investing activities	**(5,501,221)**	-
Financing activities		
Issuance of common shares and warrants, net of share issuance costs	**4,471,628**	3,130,854
Proceeds from convertible note payable, net of transaction costs	**-**	672,100
Proceeds from options exercised	**-**	111,791
Receipts from Star Royalties under Streaming Agreement	**15,387,600**	-
Repayment of convertible note payable and interest	**(2,707,657)**	(91,108)
Interest paid	**740**	-
Lease payments	**(22,640)**	(25,330)
Net cash provided by financing activities	**17,129,671**	3,798,307
Effect of exchange rate changes on cash	**624,388**	-
Net increase (decrease) in cash	**9,103,946**	1,155,441
Cash, beginning of period	**378,331**	446,477
Cash, end of period	**$ 9,482,277**	$ 1,601,918

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

Arizona Gold Corp. (formerly "Kerr Mines Inc.")

Condensed Interim Consolidated Statements of Changes in Equity
Expressed in Canadian Dollars
Unaudited

		Reserves							
	Shares capital	**Shares to be issued**	**Contributed surplus**	**Share-based payments reserve**	**Warrant reserve**	**Equity portion of convertible debt**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance, June 30, 2019	**$ 141,743,418 $**	**-**	**$ 13,064,554 $**	**2,017,768 $**	**1,402,665 $**	**-**	**$ 594,297**	**$(157,310,291) $**	**1,512,411**
Shares issued for interest	137,594	-	-	-	-	-	-	-	137,594
Shares issued in private placement	3,207,888	-	-	-	-	-	-	-	3,207,888
Share issue costs	(77,034)	-	-	-	-	-	-	-	(77,034)
Shares to be issued	-	908,669	-	-	-	-	-	-	908,669
Warrants expired	-	-	320,810	-	(320,810)	-	-	-	-
Warrants issued	(714,964)	-	-	-	714,964	-	-	-	-
Warrants issued with convertible debenture	-	-	-	-	37,808	-	-	-	37,808
Share-based payments	-	-	-	269,671	-	-	-	-	269,671
Stock-options exercised	492,800	-	-	(217,800)	-	-	-	-	275,000
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(869,985)	(2,985,119)	(3,855,104)
Balance, March 31, 2020	**$ 144,789,702**	**$ 908,669**	**$ 13,385,364**	**$ 2,069,639**	**$ 1,834,627**	**$ -**	**$ (275,688)**	**$ (160,295,410) $**	**2,416,903**
Balance, June 30, 2020	**$ 145,408,462 $**	**-**	**$ 13,457,711**	**$ 2,900,587**	**$ 1,787,237**	**$ -**	**$163,870**	**$ (164,394,808) $**	**(676,941)**
Units issued in placement	4,284,182	-	-	-	716,618	-	-	-	5,000,800
Share issue cost	(636,720)	-	-	-	107,548	-	-	-	(529,172)
Extension of warrants	-	-	-	-	854,645	-	-	-	854,645
Share-based payments	-	-	-	153,400	-	-	-	-	153,400
Equity portion of convertible debenture	-	-	-	-	-	751,000	-	-	751,000
Net loss and comprehensive income (loss) for the period	-	-	-	-	-	-	1,012,525	(4,892,379)	(3,879,854)
Balance, March 31, 2021	**$ 149,055,924 $**	**-**	**$ 13,457,711**	**$ 3,053,987**	**$ 3,466,048**	**$ 751,000**	**$ 1,176,395**	**$ (169,287,187) $**	**1,673,878**

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

1. Nature of operations and going concern

Arizona Gold Corp. ((formerly "Kerr Mines Inc.") ("Arizona Gold" or the "Company")) is incorporated under the laws of Canada. The principal business activities are directed towards exploring and developing the Copperstone gold property ("Copperstone") in La Paz County, Arizona, United States. To date, the Company has not earned significant revenue as all properties are pre-production. On December 23, 2020, the Company completed a corporate name change to Arizona Gold Corp. ("Arizona Gold" or the "Company").

The Company is listed on the Toronto Stock Exchange, trading under the symbol AZG. The Company's corporate office and principal place of business is located at 18 King Street East, Suite 902, Toronto, Ontario, M5C 1C4, Canada.

As at March 31, 2021, the Company had working capital of $9,020,288 (June 30, 2020 – working capital deficit of $3,149,272). The Company has incurred losses in previous periods and has not yet achieved profitable operations, with a current loss of $4,892,379 for the nine months ended March 31, 2021 (nine months ended March 31, 2020 - loss of $2,985,119) and has an accumulated deficit of $169,287,187 as at March 31, 2021, (June 30, 2020 - $164,394,808) and expects to incur future losses in the development of its business and requires additional financing to continue to be able to operate, retain rights to its properties and carry out exploration and development of its properties, all of which casts significant doubt about the Company's ability to continue as a going concern.

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, has 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 ability to raise funds.

These unaudited condensed interim consolidated financial statements have been prepared on a going-concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material. While the Company expects to be able to obtain sufficient financing to continue as a going concern, it is not possible to predict whether financing efforts will be successful.

As at March 31, 2021, the Company is an emerging American gold producer advancing the restart of production at its 100-per-cent-owned, fully permitted past-producing Copperstone mine project, located in mining-friendly Arizona. The company's current focus is on maximizing the Copperstone Mine's ("Copperstone") potential by defining and expanding current resources and further optimizing the mine's economics for the purpose of the restart of production in 2021.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS's issued and outstanding as of May 6, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended June 30, 2020, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending June 30, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

New standards adopted

<u>IFRS 3, Business Combinations ("IFRS 3")</u>
Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

<u>IAS 1, Presentation of Financial Statements ("IAS 1")</u>
Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

<u>IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")</u>
Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

Unaudited - Expressed in Canadian Dollars

3. Restricted investments

	As at March 31, 2021	As at June 30, 2020
Restricted investments		
Short-term cashable account	**$ 1,058,291**	$ 1,146,909
Total	**$ 1,058,291**	$ 1,146,909

(1) Pursuant to the term of the surety bond disclosed in (note 20) the Company provided cash collateral of $1,058,291 or US$841,583 (June 30, 2020 - $1,146,909 or US$816,000) which is held with the Bank of New York in the name of the Company to cover a portion of the decommission liabilities related to the Copperstone property (note 14).

4. Accounts receivable

	As at March 31, 2021	As at June 30, 2020
HST receivable	**$ 79,584**	$ 23,291
Other receivables	**2,862**	42,596
Total	**$ 82,446**	$ 65,887

5. Right-of-use assets

Balance, June 30, 2019	**$ -**
Additions	108,494
Depreciation for the period	(27,391)
Foreign exchange movements	2,307
Balance, June 30, 2020	**83,410**
Depreciation for the period	(25,653)
Foreign exchange movements	(6,445)
Balance, March 31, 2021	**$ 51,312**

Mobile equipment is depreciated over 36 months.

Unaudited - Expressed in Canadian Dollars

6. Property, plant and equipment

Cost	Buildings	Mine and mill equipment	Surface vehicles	Computer equipment	Mill	Total
Balance, June 30, 2019	**$ 2,632,657**	**$ 466,075**	**$ 1,376,850**	**$ 61,117**	**$ 5,500,892**	**$ 10,037,591**
Disposals	-	-	(385,043)	-	-	(385,043)
Foreign exchange differences	108,831	19,267	51,153	2,527	227,400	409,178
Balance, June 30, 2020	**2,741,488**	**485,342**	**1,042,960**	**63,644**	**5,728,292**	**10,061,726**
Additions	-	-	59,731	-	-	59,731
Foreign exchange differences	(211,828)	(37,501)	(80,587)	(4,918)	(442,610)	(777,444)
Balance, March 31, 2021	**$ 2,529,660**	**$ 447,841**	**$ 1,022,104**	**$ 58,726**	**$ 5,285,682**	**$ 9,344,013**

Accumulated depreciation	Buildings	Mine and mill equipment	Surface vehicles	Computer equipment	Mill	Total
Balance, June 30, 2019	**$ -**	**$ 231,486**	**$ 481,097**	**$ 61,117**	**$ -**	**$ 773,700**
Depreciation for the year	-	95,632	279,500	-	-	375,132
Disposals	-	-	(200,511)	-	-	(200,511)
Foreign exchange differences	-	11,001	21,069	2,527	-	34,597
Balance, June 30, 2020	**-**	**338,119**	**581,155**	**63,644**	**-**	**982,918**
Depreciation for the period	-	67,173	149,333	-	-	216,506
Foreign exchange differences	-	(26,126)	(44,904)	(4,918)	-	(75,948)
Balance, March 31, 2021	**$ -**	**$ 379,166**	**$ 685,584**	**$ 58,726**	**$ -**	**$ 1,123,476**

Carrying value	Buildings	Mine and mill equipment	Surface vehicles	Computer equipment	Mill	Total
Balance, June 30, 2020	$ 2,741,488	$ 147,223	$ 461,805	$ -	$ 5,728,292	$ 9,078,808
Balance, March 31, 2021	**$ 2,529,660**	**$ 68,675**	**$ 336,520**	**$ -**	**$ 5,285,682**	**$ 8,220,537**

7. Mineral properties

	As at March 31, 2021	As at June 30, 2020
Opening balance	**$ 7,270,466**	$ 7,270,466
Expenditure for the period	**5,828,940**	-
Total	**$ 13,099,406**	$ 7,270,466

The Company is engaged in exploring and developing the Copperstone gold property in La Paz County, Arizona, United States. During the nine month period ended March 31, 2021, the Company received the first two tranches from Star Royalties ("Star Royalties") amounting to US$12,000,00 of a US$18,000,000 gold purchase and sale agreement (“Streaming Agreement”) which will be used to finance the restart of the underground operations and gold production at the Copperstone Mine. As of December 1, 2020 the Company has commenced capitalising the related expenditures.

Unaudited - Expressed in Canadian Dollars

7. Mineral properties (continued)

The Company holds a 100% leasehold interest in the Copperstone Project. The landlord is The Patch Living Trust. The current lease expires June 12, 2026. The lease is renewable for one or more ten-year terms at the Company's option under the same terms and conditions. The Company is obligated to pay for all permitting and state lease bonding, insurance, taxes, and is also required to pay an annual lease payment of US$40,000 to the Patch Living Trust. In addition, the Company is obligated to pay a quarterly production gross royalty equal to 1.5% of the disposition of Metal Products by the Company. Total annual production gross royalty obligations for the Copperstone Property total 6%. Of the annual gross production royalty, 4.5% is payable to Trans Oceanic Minerals Company Ltd. ("TOMCL"), a company controlled by Fahad Al Tamimi, the Company's Chairman of the Board of Directors, and 1.5% payable to the Patch Living Trust. During the period ended March 31, 2021, the Company entered into an agreement to acquire a 3% royalty from TOMCL, which will reduce the aggregate Royalty on the Copperstone Gold Mine from 6% to 3%. The purchase agreement entered into between the Company's subsidiary, Bonanza Explorations Inc. ("Bonanza"), and TOMCL provides for the buyback of a 3% Royalty held by TOMCL for US$2,500,000.

All required property payments were made with respect to the Copperstone Project as of March 31, 2021, and all claims are in good standing. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's ability to retain the rights to certain of its properties is dependent upon the Company continuing to make option payments and meet other commitments.

8. Lease liability

On September 1, 2019, the Company entered into a thirty-six month lease agreement for mobile equipment. The total lease payments of $87,036 have been discounted at the implicit interest rate of 7% and resulted in a present value of $78,551. Under the lease agreement, the Company is required to pay a quarterly payment of $7,483 (US$5,951).

		Total
Balance, June 30, 2019	**$**	**-**
Additions		78,551
Interest expense		3,816
Lease payments		(24,332)
Foreign exchange movements		2,025
Balance, June 30, 2020		**60,060**
Interest expense		2,653
Lease payments		(23,219)
Foreign exchange movements		(3,962)
Balance, March 31, 2021	**$**	**35,532**

Unaudited - Expressed in Canadian Dollars

8. Lease liability (continued)

Allocated as:

		As at March 31, 2021		As at June 30, 2020
Current	**$**	**28,177**	$	28,988
Long-term		**7,355**		31,072
	$	**35,532**	$	60,060

The following table presents the contractual undiscounted cash flows for lease obligation as at March 31, 2021:

Less than one year	**$**	**29,936**
One to two years		**7,484**
Total undiscounted lease obligation	**$**	**37,420**

9. Deferred revenue

On November 12, 2020, the Company entered into a US$18 million, payable in three tranches of US$6 million each, precious metals delivery and purchase agreement (the “Purchase Agreement”) with Star Royalties Ltd. (“Star Royalties”) to finance the restart of underground operations and gold production at the Copperstone Gold Mine (“Copperstone”) in Arizona. As at March 31, 2021, the Company had received the first two tranches amounting to $15,094,812 (US$12 million) from Star Royalties through the Purchase Agreement.

The Company recorded the advances received on precious metals delivery, net of transaction costs, as deferred revenue and will recognize the amounts in revenue as performance obligations to metals delivery are satisfied over the term of the Purchase Agreement. The advances received on precious metals delivery is expected to reduce to nil through deliveries of the Company’s own production to Star Royalties. The Company determined the amortization of deferred revenue on a per unit basis to be equal to the expected total deliveries of gold ounces over the term of the Purchase Agreement.

Accretion expense of $347,528 was capitalized as borrowing costs to mineral properties for the period ended March 31, 2021 in connection with the accretion of the significant financing component determined from the advances received on precious metals delivery.

The following are components of deferred revenue as at March 31, 2021:

Advance received	**$**	**15,094,812**
Deferred transaction cost		**(152,706)**
Accretion		**347,528**
Total	**$**	**15,289,634**

10. Other loans payable

In May 2020, the Company received a loan under the Paycheque Protection Program of US$156,200 from the U.S. Small Business Administration, an Agency of the United States of America. The loan will mature in 2 years and the applicable interest rate is 1% per year. The Company has applied to have the loan forgiven.

Unaudited - Expressed in Canadian Dollars

11. Promissory notes payable

		Promissory note (1)		Promissory convertible note (2)		Total
Balance, June 30, 2019	**$**	**4,176,893**	**$**	**2,314,220**	**$**	**6,491,113**
Accrued interest		347,664		192,625		540,289
Balance, June 30, 2020		**4,524,557**		**2,506,845**		**7,031,402**
Accrued interest		315,865		174,967		490,832
Less fair value on convertible feature		-		(751,000)		(751,000)
Accretion expense		-		74,572		74,572
Balance, March 31, 2021	**$**	**4,840,422**	**$**	**2,005,384**	**$**	**6,845,806**

1) The promissory note with principal of $3,609,763 is payable to Braydon Capital Corporation, a company controlled by Claudio Ciavarella, an Officer, a Director and Shareholder of Arizona Gold. The promissory note bears an interest rate of 8% beginning in September 2017 and has a maturity date of August 22, 2020. During the year ended June 30, 2020, the maturity date was extended to January 20, 2021 and then again to August 22, 2021. During the three months ended December 31, 2020, the maturity date was extended again to December 31, 2023. The rate of interest payable on the principal of the notes has been increased from 8% to 10% as of November 12, 2020, with interest payable quarterly starting upon the commencement of commercial production.

2) Braydon Capital Corporation and Trans Oceanic Minerals Corporation Ltd. each provided promissory notes of $1,000,000 to the Company, bearing interest at 8% beginning in September 2017 and having a maturity date of August 22, 2020. The notes are secured by a general security agreement on the Copperstone Mine. During the year ended June 30, 2020, the maturity date was extended to January 20, 2021 and then again to August 22, 2021. During the three months ended December 31, 2020, the maturity date was extended to December 31, 2023. The rate of interest payable on the principal of the notes has been increased from 8% to 10% as of November 12, 2020, with interest payable quarterly starting upon the commencement of commercial production. The promissory notes were also amended to include a conversion feature providing that the principal amount of the notes can be converted into common shares of Arizona Gold at any time prior to maturity at a price of $0.16 per share, subject to early conversion in the event the volume-weighted average trading price of the common shares exceeds $0.30 for twenty consecutive trading days.

   The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the convertible debentures by calculating the present value of the principal and interest payments, discounted at a rate of 18%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the convertible debentures comprises the value of the conversion option, being the difference between the face value of the convertible debentures and the liability element calculated above.

   Based on this calculation, the liability component was $1,249,000 and the residual equity component was $751,000. Net accretion charges attributable to the convertible debentures for the nine months ended March 31, 2021 was $74,572 (2019 - $nil). This amount was added to the liability component on the statements of financial position and was included in accretion expense on the statements of loss and comprehensive loss.

12. Convertible promissory notes payable

Kerr Debenture I

The Company has a convertible promissory note in the amount of US$2,054,570 (“Kerr Debenture I”) payable to Trans Oceanic Minerals Corporation Ltd. The Kerr Debenture I had a maturity date of August 22, 2019 and an annual interest rate of 8% compounded monthly. The holder has the right to convert any part of the amount owing into common shares of the Company at a conversion price of $0.90 per common share.

Kerr Debenture II

The Company has a convertible promissory note in the amount of US$1,000,000 (“Kerr Debenture II”) payable to Trans Oceanic Minerals Corporation Ltd. The Kerr Debenture II had a maturity date of August 22, 2019 and an annual interest rate of 8%, compounded monthly. The holder has the right to convert any part of the amount owing into common shares of the Company at a conversion price of $0.065 per common share.

The conversion feature of a convertible financial instrument is presumed to be classified as a derivative financial liability unless it meets all the criteria to be recognized as an equity instrument under IAS 32 - Financial Instruments: Presentation. One of the criteria is that the conversion option exchanges a fixed amount of shares for a fixed amount of cash ("fixed for fixed"). Since the convertible promissory note payables are denominated in US dollars but are convertible into common shares based upon a Canadian dollar conversion rate, therefore the fixed for fixed criteria is not met. As such, the conversion feature was classified as a derivative financial liability instead of an equity instrument. The Company has separated the convertible promissory notes payable into two components, with the debentures carried at amortized cost, and the conversion feature carried at fair value.

Kerr Debenture I and II

On November 28, 2018, the Kerr Debenture I and II convertible promissory notes were amended by extending the maturity date from August 22, 2019 to August 22, 2020. As a result, the Company extinguished these two convertible promissory notes when they were amended on November 28, 2018 and treated them as two new convertible promissory notes with a maturity date of August 22, 2020. The Company calculated the fair value of the conversion feature and re-allocated the convertible promissory note payables into two components, with the debentures carried at amortized cost, and the conversion features carried at fair value.

During the year ended June 30, 2020, the Kerr Debenture I and II convertible promissory notes maturity date were extended to January 20, 2021 and then again to August 22, 2021. As a result, the Company treated them as two new convertible promissory notes with a new maturity date of August 22, 2021. The Company calculated the fair value of the conversion features and re-allocated the convertible promissory note payables into two components, with the debentures carried at amortized cost, and the conversion features carried at fair value.

During the three months ended December 31, 2020, the Kerr Debenture I and II convertible promissory notes maturity date was extended to December 31, 2023. The rate of interest payable upon the principal of the notes has been increased from 8% to 10% as of November 12, 2020 with the interest payable quarterly starting on the commencement of commercial production. The Company calculated the fair value of the conversion features and re-allocated the convertible promissory note payables into two components, with the debentures carried at amortized cost, and the conversion feature carried at fair value.

12. Convertible promissory notes payable (continued)

Sprott convertible note

On November 6, 2018, the Company executed a term sheet with Sprott Private Resource Lending (Collector) LP ("Sprott"), setting out the indicative terms upon which Sprott was prepared, subject to meeting prescribed project milestones including satisfactory due diligence, to provide up to US$25 million of senior secured project financing (the "Financing Package") to fund the development and production of gold at the Copperstone Mine.

On November 28, 2018, the Company closed the US$2 million (CDN$2.7 million) Sprott Note financing. The Sprott Note is convertible into Common Shares at any time prior to maturity at a conversion price of CDN$0.16 per share. The Company could redeem the Sprott Note at any time by paying the outstanding principal amount in cash, or with the agreement of the holder, in common shares of the Company, together with interest payable to maturity. In connection with the Sprott Note, the Corporation issued to Sprott one million common share purchase warrants entitling the holder to purchase one common share at a price of CDN$0.15 until November 27, 2021, subject to acceleration.

On July 2, 2019, the Company issued 724,177 shares to Sprott as the interest payment of $116,815 (note 15). On August 6, 2019, Sprott elected to convert $660,850 (US$500,000) of Sprott Note I into 4,130,313 common shares of the Company (note 15). On March 20, 2020, the maturity date of the Sprott Note I was extended to May 31, 2021 and the expiry date of the Sprott Warrants I was extended to November 28, 2023 (note 17). The original residual amount of $106,678 assigned to the Sprott Warrants I has been moved from warrant reserve to contributed surplus.

The Company treated the modification as an extinguishment of the original financial liabilities and recognition of new financial liabilities. The Company recalculated the fair value of the liability component, Sprott Warrants I, and the derivative liabilities. The fair value of the financial derivative liability (conversion feature) was estimated at $46,206 by using Black-Scholes pricing model with the assumptions; dividend yield 0%; risk free interest 0.61%; volatility 73.28% and an expected life of 14 months.

On March 20, 2020, the Company received an additional $716,600 (US$500,000) convertible note ("Sprott Note II") from Sprott. The Sprott Note II has a maturity date of May 31, 2021, an interest rate of 9% per annum, compounded and payable semi-annually. The Sprott Note II is convertible into Common Shares at any time prior to maturity at a conversion price of CDN$0.13 per share. The Corporation can redeem the Sprott Note II at any time by paying the outstanding principal amount and accrued interest in cash, or with the agreement of the holder, in common shares of the Corporation. In connection with the Sprott Note II, the Company issued to Sprott an additional 650,000 common share purchase warrants ("Sprott Warrants II"). Each Sprott Warrant II entitles the holder to purchase one Common Share at a price of $0.13 until November 28, 2023 (note 17).

The warrants met the fixed for fixed criteria and was classified as an equity instrument and the residual amount of $13,745 being the fair value of the equity (Sprott Warrants II). The fair value of the financial derivative liability (conversion feature) was estimated at $20,355 by using Black-Scholes pricing model with the assumptions; dividend yield 0%; risk free interest 0.61%; volatility 73.28% and an expected life of 14 months. Transaction costs of $83,660 were allocated to the debt components, equity components and derivative liability components in proportion to the allocation of the proceeds on initial recognition. Transaction costs of $2,595 were allocated to the equity component and was accounted for as a deduction from equity; and $81,065 was allocated to the debt component and was offset against the carrying amount of the debt and included in the determination of the accretion expenses.

As part of the Star Royalties Streaming Agreement, the Company has repaid the outstanding US$2 million convertible promissory note. As a result of the prepayment of US$2 million convertible promissory note, Sprott will not be exercising its conversion rights at CAD$0.13 for US$500,000 and CAD$0.16 for US$1.5 million.

Unaudited - Expressed in Canadian Dollars

12. Convertible promissory notes payable (continued)

The following table summarizes the debt component:

	Kerr debenture I	Kerr debenture II	Sprott note I	Sprott note II	Total
Balance, June 30, 2019	**$ 3,094,121**	**$ 1,450,059**	**$ 2,477,483**	**$ -**	**$ 7,021,663**
Less converting of loan	-	-	(777,665)	-	(777,665)
Issue of convertible debt	-	-	-	716,600	716,600
Less transaction costs	-	-	-	(83,660)	(83,660)
Less fair value on convertible feature	(2,512)	(177,942)	(46,206)	(20,355)	(247,015)
Less fair value of detachable warrants	-	-	(49,020)	(13,745)	(62,765)
Less deferred tax	-	-	(17,674)	(27,373)	(45,047)
Interest paid	-	-	(204,708)	-	(204,708)
Accrued interest	263,560	128,280	204,708	-	596,548
Accretion expenses	21,926	178,943	280,925	31,100	512,894
Foreign exchange difference	131,280	65,549	87,649	(35,200)	249,278
Balance, June 30, 2020	**3,508,375**	**1,644,889**	**1,955,492**	**567,367**	**7,676,123**
Less fair value on convertible feature	(75,382)	(172,397)			(247,779)
Interest paid			(70,093)	(23,364)	(93,457)
Accrued interest	223,268	111,454	69,907	23,302	427,931
Accretion expense	9,213	21,074	87,146	112,011	229,444
Foreign exchange difference	(275,466)	(71,440)	(81,802)	(25,766)	(454,474)
Less loan repayment	-	-	(1,960,650)	(653,550)	(2,614,200)
Balance, March 31, 2021	**$ 3,390,008**	**$ 1,533,580**	**$ -**	**$ -**	**$ 4,923,588**
Components of convertible promissory notes payable:					
Current	$ -	$ -	$ -	$ -	$ -
Long term	$ 3,390,008	$ 1,533,580	$ -	$ -	$ 4,923,588
Total balance	**$ 3,390,008**	**$ 1,535,580**	**$ -**	**$ -**	**$ 4,923,588**

Unaudited - Expressed in Canadian Dollars

13. Derivative financial liabilities

The following table summarizes the derivative financial liabilities:

	Kerr debenture I	Kerr debenture II	Sprott notes I and II	Total
Balance, June 30, 2019	**$ 38,339**	**$ 176,897**	**$ 215,059**	**$ 430,295**
Fair value adjustment to amendment	(38,339)	(176,897)	(215,059)	(430,295)
Derivative financial liabilities on recognition	2,512	177,942	66,561	247,015
Fair value adjustment	(496)	(67,342)	29,609	(38,229)
Balance, June 30, 2020	**2,016**	**110,600**	**96,170**	**208,786**
Fair value adjustment to amendment	(2,016)	(110,600)	(96,170)	(208,786)
Derivative financial liabilities on recognition	75,382	172,397	-	247,779
Fair value adjustment	(9,213)	(21,074)	-	(30,287)
Balance, March 31, 2021	**$ 66,169**	**$ 151,323**	**$ -**	**$ 217,492**
Components of derivative financial liabilities:				
Current	$ 24,032	$ 54,958	$ -	$ 78,990
Long term	$ 42,137	$ 96,365	$ -	$ 138,502
Total Balance	**$ 66,169**	**$ 151,323**	**$ -**	**$ 217,492**

14. Decommissioning liabilities

The Company's decommissioning liability relates to the cost of removing and restoration of the Copperstone Mine in La Paz County, Arizona. Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities, ongoing care and maintenance and other costs. This estimate depends on the development of environmentally acceptable mine closure plans.

A continuity for asset retirement obligations is as follows:

Asset Retirement Obligation	
Balance, June 30, 2019	**$ 2,271,222**
Accretion expense for the year	9,690
Foreign exchange differences	93,889
Adjustment	155,844
Balance, June 30, 2020	**2,530,645**
Accretion expense for the period	7,059
Foreign exchange differences	(193,025)
Adjustment	(5,424)
Balance, March 31, 2021	**$ 2,339,255**

Copperstone:
The mine closure provision liability is based upon numerous estimates and assumptions, as follows:
i) Total undiscounted amount of future retirement costs was estimated to be $2,367,925 (US$1,856,945) to which the Company has provided cash collateral as disclosed in (note 3).
ii) Risk-free rate at 0.46%.
iii) Expected timing of cash outflows required to settle the obligation is for the full amount to be paid in 2023.
iv) Inflation over the period up to 2023 was estimated to be 1.63% per annum.

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15. Share capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares	Amount
Balance, June 30, 2019	**280,374,577**	**$141,743,418**
Shares issued for interest (i)	724,177	116,815
Conversion of promissory note (ii)	4,130,313	660,850
Common shares issued in private placement	22,913,486	-
Options exercised (iii)	2,200,000	492,888
Balance, March 31, 2020	**310,342,553**	**$143,013,971**
Balance, June 30, 2020	**310,342,553**	**$145,408,462**
Common shares issued in placement (iv)	35,720,000	5,000,800
Value allocated to warrant (iv)	-	(716,618)
Share issue cost	-	(636,720)
Balance, March 31, 2021	**346,062,553**	**$149,055,924**

(i) On July 2, 2019, the Company issued 724,177 shares at a price of $0.16 per share to Sprott for the interest payment of 116,815 (US$90,500) accrued for Sprott Note I.

(ii) On August 6, 2019, Sprott elected to convert $660,850 (US$500,000) of Sprott Note I into 4,130,313 common shares of the Company at a price of $0.16 per share.

(iii) On September 6, 2019, a Director and Officer of the Company exercised 2,200,000 options at a price of $0.125 per for proceeds of $275,000.

(iv) On August 8, 2020, the Company closed a bought deal financing for aggregate gross proceeds of $5,000,800 (the "Offering"). Pursuant to the Offering, the Company issued a total of 35,720,000 units of the Company (the "Units") at a price of $0.14 per Unit. Each Unit consists of one common share in the capital of the Company (a "Common Share") and one half of one Common Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder thereof to purchase one Common Share at a price of $0.22 for a period of 24 months. The fair value of the 17,860,000 share purchase warrants was estimated at $716,618 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.27%; volatility 82.11% and an expected life of 24 months.

Haywood Securities Inc acted as sole underwriter for the Offering. The Company paid finder fees totaling $300,048 and incurred legal and other costs of $220,558. The Company also issued broker warrants. Each broker warrant entitles the holder thereof to purchase one Common Share at a price of $0.22 for a period of 24 months. The fair value of the 2,143,200 broker warrants was estimated at $107,548 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.27%; volatility 82,11% and an expected life of 24 months.

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16. Stock options

The purpose of the Company's stock option plan is to provide incentives to Directors, Officers, employees and consultants of the Company. The maximum number of common shares reserved for issuance upon exercise of the options is 10% of issued and outstanding shares. The Board of Directors may designate the recipients of options and determine the number of common shares covered by each option, its exercise price (which may not be less than closing market price of the common shares on the trading day prior to the grant) and its expiry date. The term of the options shall not exceed five years from the date of grant.

Option pricing models require the input of highly subjective assumptions as noted above. Changes in the subjective input assumptions can materially affect the fair value estimate.

The following table reflects the continuity of stock options for the nine months ended March 31, 2021 and March 31, 2020:

	Number of Stock options		Weighted Average Exercise price
Balance, June 30, 2019	**13,000,000**	**$**	**0.200**
Issued(i)	2,200,000		0.135
Expired	(2,200,000)		(0.125)
Balance, March 31, 2020	**13,000,000**	**$**	**0.200**
Balance, June 30, 2020	**21,700,000**	**$**	**0.170**
Issued(ii), (iii)	1,500,000		0.140
Balance, March 31, 2021	**23,200,000**	**$**	**0.168**

(i) On November 5, 2019, the Company issued 2,200,000 stock options to a Director and Officer of the Company with an exercise price of $0.135. The options vested immediately. The fair value of these options at the date of grant of $243,800 was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of $0.135; 118% expected volatility; risk free interest rate of 1.59%; and an expected dividend yield of 0%.

(ii) On January 4, 2021, the Company issued 500,000 stock options to an Officer of the Company with an exercise price of $0.140. Half the options vested immediately and the second half will vest on June 30, 2021. The fair value of these options at the date of grant of $56,000 was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of $0.140; 114% expected volatility; risk free interest rate of 0.39%; and an expected dividend yield of 0%.

(ii) On March 29, 2021, the Company issued 1,000,000 stock options to an Officer of the Company with an exercise price of $0.140. The options vested immediately. The fair value of these options at the date of grant of $111,400 was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of $0.140; 113% expected volatility; risk free interest rate of 0.39%; and an expected dividend yield of 0%.

For the three and nine months ended March 31, 2021, $21,000 was expensed to share based payments (three and nine months ended March 31, 2020 - $243,800) and $132,400 was capitalized as mineral properties (three and nine months ended March 31, 2020 - $nil).

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The following table reflects the actual stock options issued and outstanding as of March 31, 2021:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
May 2, 2022	0.19	1.33	4,000,000	4,000,000
August 23, 2022	0.22	1.64	3,000,000	3,000,000
January 12, 2023	0.30	2.03	2,000,000	2,000,000
November 28, 2023	0.13	2.91	500,000	500,000
January 29, 2024	0.14	3.08	500,000	500,000
April 15, 2024	0.125	3.29	800,000	800,000
November 5, 2024	0.135	3.85	2,200,000	2,200,000
April 18, 2025	0.13	4.05	8,700,000	8,700,000
January 3, 2026	0.14	4.76	500,000	250,000
March 29, 2026	0.14	5.00	1,000,000	8,700,000
	0.17	**2.92**	**23,200,000**	**22,950,000**

17. Warrants

The following table reflects the continuity of warrants for the nine months ended March 31, 2020 and March 31, 2020:

	Number of warrants	Amount
Balance, June 30, 2019	**29,991,357**	**$ 0.22**
Expired	(4,401,948)	(0.27)
Balance, March 31, 2020	**25,589,409**	**$ 0.21**
Balance, June 30, 2020	**49,152,895**	**$ 0.21**
Issued (note 15(b))	20,003,200	0.22
Balance, March 31, 2021	**69,156,095**	**$ 0.21**

The following table reflects the actual warrants issued as of March 31, 2021:

Number of warrants outstanding	Grant date fair value ($)	Exercise price ($)	Expiry date
21,239,409	1,634,471	0.21	November 27, 2021 (1)(2)
3,350,000	229,682	0.21	April 15, 2022 (1)(2)
22,913,486	714,964	0.21	February 28, 2022 (1)
20,003,200	824,166	0.22	August 10, 2022
1,000,000	49,020	0.15	November 28, 2023
650,000	13,745	0.13	November 28, 2023
69,156,095	**3,466,048**	**0.21**	

(1) Each Warrant entitles the holder to purchase one Common Share at a price of CDN$0.21 per Common Share for a period of 24 months from the date of issuance provided that if, at any time the Common Shares trade on a stock exchange at a volume weighted average trading price of $0.30, or greater, per Common Share for a period of 20 consecutive trading days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

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(2) On November 16, 2020, the Company extend the exercise period of a total of 21,239,409 outstanding share purchase warrants (the "2018 Warrants") issued pursuant to the private placement completed on November 27, 2018 and 3,350,000 outstanding share purchase warrants issued pursuant to the private placement completed on April 15, 2019 (the "2019 Warrants"). The current expiry date of the 2018 Warrants is November 27, 2020 and the new expiry date will be November 27, 2021. The current expiry date of the 2019 Warrants is April 15, 2021 and the new expiry date will be April 15, 2022. The Company recorded the incremental difference of $854,645 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of between 0.20% and 0.26%, a dividend yield of 0%, a volatility of between 85.22% and 87.7%, and an expected life of between 1.03 years and 1.41 years.

18. Loss per share

For the three and nine months ended March 31, 2021, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $576,967 and $4,892,379 respectively (three and nine months ended March 31, 2020 - $160,483 and $2,985,119 respectively) and the weighted average number of common shares outstanding of 346,062,553 and 340,717,589 respectively (three and nine months ended March 31, 2020 - 295,486,557 and 288,990,382 respectively) for basic and diluted loss per share. Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

19. Related party transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) Loans from related parties

The Company has entered into a series of financial transactions with related parties as detailed below.

	March 31, 2021	
Loans from related parties	**Directors**	**Total**
Promissory note payables (note 11)	$ 6,845,806	$ 6,845,806
Convertible promissory note payables (note 12)	4,923,588	4,923,588
Derivative financial liabilities (note 12)	217,492	217,492
Total	**$ 11,986,886**	**$ 11,986,886**

	June 30, 2020	
Loans from related parties	**Directors**	**Total**
Promissory note payables (note 11)	$ 7,031,402	$ 7,031,402
Convertible promissory note payables (note 12)	5,153,264	5,153,264
Derivative financial liabilities (note 12)	208,786	208,786
Total	**$ 12,393,452**	**$ 12,393,452**

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19. Related party transactions (continued)

(b) The Company entered into the following transactions with related parties:

		Three Months Ended March 31,		Nine Months Ended March 31,	
		2021	**2020**	**2021**	**2020**
The Marrelli Group	(i)	**$ -**	$ 18,830	**$ 43,356**	$ 31,679
Peterson McVicar LLP	(ii)	**7,044**	31,493	**179,894**	41,698
Braydon Capital Corporation	(iii)	**149,925**	110,480	**403,348**	218,761
Trans Oceanic Minerals Corporation Ltd	(iv)	**157,474**	136,108	**424,603**	238,829
Forte Fixtures & Millwork Inc	(v)	**-**	-	**400,000**	-

i) During the three and nine months ended March 31, 2021, the Company paid, as part of related party transactions, professional fees and disbursements of $nil and $43,356, respectively, (three and nine months ended March 31, 2020 - $18,830 and $31,679, respectively) to Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filling Services Limited and Marrelli Press Release Services Limited, together known as the "The Marrelli Group", for:

- Carmelo Marrelli, President of Marrelli Group, to act as the Chief Financial Officer (“CFO”) of the Company, Mr Marelli resigned from his position as CFO on January 13, 2021 and ceased to be a related party;
- Bookkeeping services;
- Regulatory filing services;
- Corporate secretarial services, and
- Press release services.

These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at March 31, 2021, the Marrelli Group was owed $nil (June 30, 2020 - $19,396).

ii) A Director is a partner in a legal firm that provided legal services to the Company. The amounts paid or accrued to the firm relating to services provided in the normal course of business during the three and nine months ended March 31, 2021 was $7,044 and $179,894, respectively (three and nine months ended March 31, 2020 - $31,493 and $41,698, respectively). The amounts owing to the firm as at March 31, 2021 was $nil (June 30, 2020 - $66,720).

iii) During the three and nine months ended March 31, 2021, the Company accrued interest to Braydon Capital Corporation for the promissory notes payables (note 11).

iv) During the three and nine months ended March 31, 2021, the Company accrued interest to Trans Oceanic Minerals Corporation Ltd for the promissory notes payables (note 11) and convertible promissory notes payable (note 12).

v) During the nine months ended March 31, 2021, the Company expensed consulting fees and rent amounting to $400,000 (nine months ended March 31, 2020 - $nil) to Forte Fixtures & Millwork Inc, a company controlled by a Director of the Company. The amounts paid or accrued to the firm related to the services provided in the normal course of business.

vi) During the nine months ended March 31, 2021, a Director and Officer of the Company exercised 2,200,000 stock options exercised at $0.125 per share for total proceeds of $275,000 (nine months ended March 31, 2020 - $nil).

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19. Related party transactions (continued)

(b) Remuneration of Directors and key management personnel, other than consulting fees, of the Company was as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	Nine Month Ended March 31, 2021	Nine Month Ended March 31, 2020
Salaries and benefits	**$ 51,923**	$ 75,662	**$ 200,153**	$ 224,184
Consulting fee	**154,512**	87,500	**329,512**	262,500
Share based payments	**153,400**	6,382	**153,400**	262,947
	$ 359,835	$ 169,544	**$ 683,065**	$ 749,631

The Directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

20. Commitments and contingencies

a) The Company has placed a surety bond of an insurance company in connection with the Copperstone Property as required by the US Bureau of Land Management. Cash collateral of $1,058,291 (US$841,583) is held with the Bank of New York in the name of the Company in a short term cashable account.

b) The activities of the Company are subject to environmental laws and regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, endangered species and reclamation of lands disturbed by mining operations. The Company believes it complies with all laws and regulations which currently apply to its activities.

21. Segmented information

As at March 31, 2021, the Company’s operations comprise of a mineral exploration and development project in La Paz County, Arizona (“USA”) which also represents the geographical location and a head office in Toronto, Canada.

Nine Months Ended March 31, 2021

	Canada	USA	Total
Revenues	$ -	$ -	$ -
Net loss	$ (4,294,542)	$ (597,837)	$ (4,892,379)

Nine Months Ended March 31, 2020

	Canada	USA	Total
Revenues	$ -	$ -	$ -
Net loss	$ (654,228)	$ (2,330,891)	$ (2,985,119)

Unaudited - Expressed in Canadian Dollars

21. Segmented information (continued)

Three Months Ended March 31, 2021

	Canada	USA	Total
Revenues	$ -	$ -	$ -
Net loss	$ (567,967)	$ -	$ (576,967)

Three Months Ended March 31, 2020

	Canada	USA	Total
Revenues	$ -	$ -	$ -
Net loss	$ 748,854	$ (909,337)	$ (160,483)

As at March 31, 2021

	Canada	USA	Total
Total assets	$ 8,533,597	$ 24,031,099	$ 32,564,696
Non-current assets	$ -	$ 22,429,546	$ 22,429,546

As at June 30, 2020

	Canada	USA	Total
Total assets	$ 368,804	$ 17,908,656	$ 18,277,460
Non-current assets	$ -	$ 17,579,593	$ 17,579,593