



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated condensed consolidated interim financial statements of American Pacific Mining Corp. for the six months ended June 30, 2021 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at	June 30,	December 31,
	Note(s)	2021	2020
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	4,500,608	1,465,912
Marketable securities	4	-	920,000
Amounts receivable		17,330	27,173
Prepaid expenses		88,868	51,916
		4,606,806	2,465,001
Non-current assets			
Reclamation deposits	5	24,790	25,482
Property and equipment	6	48,472	57,135
Exploration and evaluation assets	7	9,112,976	9,315,638
		9,186,238	9,398,255
TOTAL ASSETS		13,793,044	11,863,256
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	126,199	149,298
TOTAL LIABILITIES		126,199	149,298
SHAREHOLDERS' EQUITY			
Share capital	8	22,306,962	17,986,766
Share subscriptions received	8	85,515	-
Stock options reserve	8	1,945,735	1,625,635
Warrants reserve	8	1,111,336	1,664,364
Accumulated deficit		(11,265,795)	(9,191,842)
Accumulated other comprehensive loss		(516,908)	(370,965)
TOTAL SHAREHOLDERS' EQUITY		13,666,845	11,713,958
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,793,044	11,863,256
Corporate information and continuance of operations	1		
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These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Warwick Smith Director

/s/ Joness Lang Director

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended		For the six months ended	
		June 30,	June 30,	June 30,	June 30,
		2021	2020	2021	2020
		\$	\$	\$	\$
Expenses					
Bank charges		517	895	715	1,791
Consulting fees	9	76,619	195,610	164,655	356,599
Depreciation	6	620	592	1,301	1,184
Directors' fees	9	7,437	8,099	14,887	16,560
Exploration and evaluation costs	6, 7, 9	83,110	62,639	150,582	142,281
General and administrative costs		24,713	21,673	45,735	45,026
Professional fees	9	87,138	36,370	146,530	90,654
Project evaluation costs		21,312	757	40,982	757
Share-based payments	8	320,100	44,450	320,100	44,450
Shareholder information and investor relations		90,887	106,174	157,030	252,190
Transfer agent, regulatory and listing fees		85,798	43,860	101,347	63,789
Travel		13,464	582	15,969	6,312
		(811,715)	(521,701)	(1,159,833)	(1,021,593)
Other income (expenses)					
Foreign exchange gain		15,994	1,450	19,525	751
Finance income		3,773	797	8,141	797
Change in fair value of marketable securities	4	-	-	(820,000)	-
Gain from option-out of interest in mineral property	7	3,201	-	53,201	-
Write-off of advance payments		-	(462,856)	-	(462,856)
		22,968	(460,609)	(739,133)	(461,308)
Loss before income taxes		(788,747)	(982,310)	(1,898,966)	(1,482,901)
Income tax expense	4	(174,987)	-	(174,987)	-
Loss for the period		(963,734)	(982,310)	(2,073,953)	(1,482,901)
Other comprehensive loss					
Foreign currency translation differences for foreign operations		(85,345)	(704)	(145,943)	(704)
		(85,345)	(704)	(145,943)	(704)
Total comprehensive loss		(1,049,079)	(983,014)	(2,219,896)	(1,483,605)
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)		(0.01)	(0.03)	(0.03)	(0.05)
Weighted average number of common shares outstanding - basic and diluted		71,122,516	33,034,258	68,322,135	26,988,360

See accompanying notes to these unaudited condensed consolidated interim financial statements.

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

	<u>Share capital</u>						Accumulated other comprehensive income (loss)	Total	
	Note(s)	Number of shares	Amount	Share subscriptions received	Options	Warrants			Accumulated deficit
Balance at December 31, 2020		65,489,625	17,986,766	-	1,625,635	1,664,364	(9,191,842)	(370,965)	11,713,958
Shares issued for cash	8	8,181,964	1,022,746	-	-	-	-	-	1,022,746
Share issue costs	8	-	(2,388)	-	-	-	-	-	(2,388)
Shares issued for cash - warrants exercise	8	13,338,646	2,746,810	-	-	-	-	-	2,746,810
Reclassification of grant-date fair value on exercise of warrants	8	-	553,028	-	-	(553,028)	-	-	-
Subscriptions received in advance	8	-	-	85,515	-	-	-	-	85,515
Share-based payments	8	-	-	-	320,100	-	-	-	320,100
Loss		-	-	-	-	-	(2,073,953)	-	(2,073,953)
Other comprehensive loss		-	-	-	-	-	-	(145,943)	(145,943)
Balance at June 30, 2021		87,010,235	22,306,962	85,515	1,945,735	1,111,336	(11,265,795)	(516,908)	13,666,845
Balance at December 31, 2019		20,915,112	7,871,934	-	816,631	28,580	(6,606,469)	(31,622)	2,079,054
Shares and warrants issued for acquisition		20,000,000	7,400,000	-	-	1,404,851	-	-	8,804,851
Shares issued for finders' fees		450,800	-	-	-	-	-	-	-
Shares issued for cash		23,918,035	2,989,754	-	-	-	-	-	2,989,754
Share issue costs		-	(81,400)	-	-	-	-	-	(81,400)
Fair value of finders' warrants		-	(254,650)	-	-	254,650	-	-	-
Shares issued for exploration and evaluation assets		88,889	12,000	-	-	-	-	-	12,000
Share-based payments		-	-	-	44,450	-	-	-	44,450
Loss		-	-	-	-	-	(1,482,901)	-	(1,482,901)
Other comprehensive loss		-	-	-	-	-	-	(704)	(704)
Balance at June 30, 2020		65,372,836	17,937,638	-	861,081	1,688,081	(8,089,370)	(32,326)	12,365,104

See accompanying notes to these unaudited condensed consolidated interim financial statements.

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the six months ended	
		June 30, 2021	June 30, 2020
		\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the period		(2,073,953)	(1,482,901)
Adjustments for items not affecting cash:			
Depreciation	6, 7	7,222	1,184
Share-based payments	8	320,100	44,450
Change in fair value of investments	4	820,000	-
Unrealized foreign exchange		-	(1,251)
Write-off of advance payments		-	462,856
Gain from option-out of interest in mineral property	7	(53,201)	-
Change in non-cash working capital			
Amounts receivable		9,843	(846)
Prepaid expenses		(36,974)	191,753
Accounts payable and accrued liabilities		(23,099)	(131,032)
Cash flow used in operating activities		(1,030,062)	(915,787)
INVESTING ACTIVITIES			
Proceeds from sale of marketable securities	4	100,000	-
Recovery of exploration and evaluation assets	7	131,655	-
Net cash paid for acquisition		-	(61,717)
Cash flow provided by (used in) investing activities		231,655	(61,717)
FINANCING ACTIVITIES			
Proceeds on issuance of common shares, net of cash share issue costs	8	1,020,358	2,908,354
Proceeds on exercise of warrants	8	2,746,810	-
Share subscriptions received	8	85,515	-
Cash flow provided by financing activities		3,852,683	2,908,354
Effects of exchange rate changes on cash and cash equivalents		(19,580)	(1,247)
Change in cash and cash equivalents		3,034,696	1,929,603
Cash and cash equivalents, beginning of period		1,465,912	513,021
Cash and cash equivalents, end of period		4,500,608	2,442,624
SUPPLEMENTAL CASH FLOW			
Reclassification of grant-date fair value on exercise of warrants from reserves to share capital	8	553,028	-
Shares and warrants issued for acquisition	8	-	8,804,851
Payment of finder's fees through issuance of finder's warrants	8	-	254,650
Shares issued for exploration and evaluation assets	7, 8	-	12,000
Cash paid during the period for interest		-	-
Cash paid during the period for income taxes		174,987	-

See accompanying notes to these unaudited condensed consolidated interim financial statements.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

1) CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

American Pacific Mining Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017, and is in the business of mineral exploration.

The Company’s head office, principal address, registered address and records office is Suite 910 - 510 Burrard Street, Vancouver, B.C., V6C 3A8, Canada.

At the date of the unaudited condensed consolidated interim financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at June 30, 2021, the Company had working capital of \$4,480,607 (December 31, 2020 – working capital of \$2,315,703) and an accumulated deficit of \$11,265,795 (December 31, 2020 – \$9,191,842). The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and cash equivalents and through further equity financings. Management believes that the Company has sufficient working capital to meet its liabilities for the next twelve months.

COVID-19

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 and results of operations at this time.

These unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2021 were approved by the Board of Directors on August 27, 2021.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2021 that impacted these condensed consolidated interim financial statements.

3) CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020
	\$	\$
Cash	3,480,086	453,528
Cash equivalents	1,020,522	1,012,384
	4,500,608	1,465,912

4) MARKETABLE SECURITIES

On November 6, 2020, the Company received 2,000,000 shares (the “AmmPower Shares”) of AmmPower Corp. (“AmmPower”), formerly Soldera Mining Corp., with a fair value of \$920,000 pursuant to the option agreement (the “AmmPower Agreement”) entered between Elko Sun Mining Corp. (“Elko Sun”) and AmmPower (Note 7). The AmmPower Shares will be subject to escrow and released in equal increments in six months, nine months and twelve months from the date of issuance.

In respect to the fair value of the AmmPower Shares, the Company recognized \$381,407 as a reduction of the carrying value of the Tuscarora property (Note 9) and the remaining of \$538,593 was recognized as a gain from option-out of interest in mineral property in the statement of loss and comprehensive loss during the year ended December 31, 2020. As a result of the gain of \$538,593 recognized during the year ended December 31, 2020, the Company was subject to an income tax of \$174,987 (US\$145,943) which was recognized as an income tax expense and paid during the six months ended June 30, 2021.

On March 23, 2021, AmmPower bought back the AmmPower Shares from the Company for \$100,000 (Note 7); as a result, the Company recognized a loss of change in fair value of \$820,000 in the statement of loss and comprehensive loss during the six months ended June 30, 2021.

As at June 30, 2021, the Company does not hold any common shares of AmmPower (December 31, 2020 – 2,000,000 common shares with fair value of \$920,000).

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

5) RECLAMATION DEPOSITS

The Company has reclamation deposits of \$24,790 (US\$20,000). These bonds were put up as collateral for the Tuscarora project in the event of future operations (December 31, 2020 – \$25,482 (US\$20,000)).

6) PROPERTY AND EQUIPMENT

	Building	Computer equipment	Total
Cost			
As at December 31, 2020	60,476	9,076	69,552
Effect of movements in exchange rates	(1,642)	-	(1,642)
As at June 30, 2021	58,834	9,076	67,910
Depreciation			
As at December 31, 2020	(6,048)	(6,369)	(12,417)
Charged for the period	(5,921)	(1,301)	(7,222)
Effect of movements in exchange rates	201	-	201
As at June 30, 2021	(11,768)	(7,670)	(19,438)
Net book value			
As at December 31, 2020	54,428	2,707	57,135
As at June 30, 2021	47,066	1,406	48,472

During the six months ended June 30, 2021, the Company charged \$7,222 (June 30, 2020 – \$1,184) in depreciation of which \$5,921 was recognized as exploration and evaluation costs in the statements of loss (Note 7) (June 30, 2020 – \$nil).

7) EXPLORATION AND EVALUATION ASSETS**Exploration and evaluation assets as of June 30, 2021**

	Gooseberry project \$	Madison project \$	South Lida claims \$	Total \$
Balance as at December 31, 2020	46,799	8,714,005	554,834	9,315,638
Option payments received	(46,799)	(31,655)	-	(78,454)
Effect of movements in exchange rate	-	(94,724)	(29,484)	(124,208)
Balance as at June 30, 2021	-	8,587,626	525,350	9,112,976

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)**Exploration and evaluation costs incurred by the Company during the six months ended June 30, 2021**

	For the six months ended June 30, 2021			Total \$
	Gooseberry project	Madison project	Tuscarora property	
	\$	\$	\$	
Consulting	22,087	52,242	17,670	91,999
Depreciation	-	5,921	-	5,921
Equipment rental	-	-	935	935
Field	104	8,048	77	8,229
Field technicians	-	29,392	-	29,392
Geological	-	-	12,971	12,971
Sample analysis	-	-	1,135	1,135
	22,191	95,603	32,788	150,582

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

South Lida claims (Nevada, US)

On July 1, 2017, the Company entered into a Claims Purchase Agreement (the "SL Claims Purchase Agreement") with David Saderholm (the "Trustee"), Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (collectively, the "Vendors") whereby the Vendors agreed to sell the South Lida Property in exchange for shares in the Company.

Under the SL Claim Purchase Agreement, the Company will issue to the Vendors a total of 1,000,000 common shares (the "Property Shares") as follows:

- 166,667 Property Shares on July 1, 2017 (issued);
- 166,667 Property Shares on the listing date (issued);
- 333,333 Property Shares on the earlier of (i) six months after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued); and
- 333,333 Property Shares on the earlier of (i) the one-year anniversary after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued during fiscal 2019 at a fair value of \$220,000).

The acquisition of the South Lida property is a related party transaction as two of the Vendors are officers and directors of the Company.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora property (Nevada, US)

On November 6, 2017, the Company entered into an option agreement (the “Tuscarora Option Agreement”) with Novo Resources Corp. The Tuscarora Option Agreement was amended on December 18, 2019 (the “Amended Tuscarora Option Agreement”). Pursuant to the Tuscarora Option Agreement, Novo Resources Corp. will grant the Company the exclusive right and option to acquire a 100% right, title, and interest in and to the Tuscarora Property (the “Tuscarora Option”).

Pursuant to the Amended Tuscarora Option Agreement, to earn the Tuscarora Option, the Company will:

- a) make \$400,000 cash payments to Novo Resources Corp. as follows:
 - i. \$125,000 due on the earlier of the listing date and January 31, 2018 (paid);
 - ii. \$125,000 due on the earlier of the first anniversary of the listing date and January 31, 2019 (paid); and
 - iii. \$150,000 due on January 31, 2021 (paid by AmmPower);
- b) issue 266,667 common shares of the Company to Novo Resources Corp. in three equal instalments, with one-third issued on each of the listing date (issued) and the first (88,889 shares issued with a fair value of \$58,666 during the year ended December 31, 2019) and second anniversaries of the listing date (88,889 shares issued on March 4, 2020); and
- c) incur US\$100,000 in expenditures on the property annually, starting on the twelve-month period commencing on the first anniversary of the listing date and per each successive twelve-month period thereafter¹.

The property is subject to net smelter returns royalties of 0.5% which may be reduced to nil (0%) by paying US\$500,000.

In addition, the Company is also required to make the following payments to the Ely Gold Royalties (“Ely Gold”), the owner of the Tuscarora property:

- a) Annual minimum royalty payments

On or before:	\$	
November 7, 2018	4,000	Paid
November 7, 2019	4,000	Paid
November 7, 2020 ²	4,000	Paid
November 7, 2021	8,000	
November 7, 2022	8,000	
November 7, 2023	8,000	
November 7, 2024	8,000	
November 7, 2025	8,000	
November 7, 2026 and each succeeding anniversary	12,000	

¹ This amount has been incurred annually since the first anniversary of the listing date.

² Paid by AmmPower

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora property (Nevada, US) (continued)

b) Production royalty based on the net smelter returns from the production and sale of minerals from the Tuscarora property. The royalty percentage rate for precious metals is based on the average daily price per troy ounce of gold during the period of production of minerals from the Tuscarora property for which the royalty is payable as follows:

- | | |
|--|--------------------|
| • less than or equal to \$1,500 | Two percent (2%) |
| • greater than \$1,500 but less than or equal to \$2,000 | Three percent (3%) |
| • greater than \$2,000 | Four percent (4%) |

The royalty percentage will apply for all other minerals is 2.5% of the net smelter returns.

On March 19, 2018, the Company expanded the Tuscarora Gold Project through the additional staking of 67 claims in Elko County, Nevada.

On February 3, 2021, the Company announced that the Company now has 100% interest in the Tuscarora Gold Project following the final payment to Novo Resources Corp.

Earn-in Agreement with Elko Sun

On August 4, 2020, the Company entered into an earn-in agreement with Elko Sun (the “Elko Sun Agreement”), a private company in British Columbia, Canada.

On November 4, 2020, Elko Sun entered into the AmmPower Agreement with AmmPower. Pursuant to the AmmPower Agreement, AmmPower will issue 2,000,000 AmmPower Shares to the Company (issued – Note 4).

According to the AmmPower Agreement, AmmPower can earn up to a 51% interest in the Tuscarora Gold Project by making cash payments to or on behalf of the Company in the aggregate amount of \$200,000, of which \$50,000 should be made within 4 months from date of the Elko Sun Agreement (paid³), making share payments to the Company (issued – Note 4), and funding exploration expenditures of \$1.35 million towards the Tuscarora Gold Project within 24 months from the date of the Elko Sun Agreement (“AmmPower Phase 1”).

Subject to the completion of AmmPower Phase 1, AmmPower will have four years from the date of the Elko Sun Agreement (the “AmmPower Option Period”) to exercise an option to earn an additional 14% interest by making additional share payments to the Company and further funding the exploration expenditures of \$3 million towards the Tuscarora Gold Project (“AmmPower Phase 2”).

Subject to its completion of AmmPower Phase 2, AmmPower may exercise an option to earn a final 15% interest (for total interest of 80%) by completing a pre-feasibility study on the Tuscarora Gold Project before the end of the Option Period (“AmmPower Phase 3”).

In addition, AmmPower will also be responsible for making the payments to the Tuscarora property holders and paying the claim fees.

³ The \$50,000 was recognized as a gain from option-out of interest in mineral property in the statement of loss and comprehensive loss during the six months ended June 30, 2021.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora property (Nevada, US) (continued)

Earn-in Agreement with Elko Sun (continued)

AmmPower will be the operator of the Tuscarora project and, upon earning-in an interest, a joint venture management committee will be formed.

On March 23, 2021, the Company entered into an agreement with Elko Sun and AmmPower to terminate the Elko Sun Agreement and the AmmPower Agreement.

Madison Project (Montana, US)

The Madison Project is currently under an earn-in, joint venture agreement signed by Broadway Gold Corp. ("Broadway"), a wholly-owned subsidiary of the Company, on April 30, 2019, whereby Kennecott Exploration Company ("Kennecott"), part of the Rio Tinto Group (ASX, LON: RIO) must spend US\$30 million to earn up to 70% of the project.

Under the terms of the earn-in agreement, Kennecott has an option to acquire a 55% undivided interest (the "First Option") in the property by incurring exploration and related expenditures of US\$5 million⁴ within the first five years, including a minimum exploration budget of US\$1 million in the first year.

If Kennecott exercises the First Option, it may elect to earn an additional 10% undivided interest (the "Second Option"), for a total undivided interest of 65%, by incurring additional expenditures of US\$10 million⁴ within the following three years.

If Kennecott exercises the Second Option, it may elect to earn an additional 5% undivided interest (the "Third Option"), for a total of 70%, by incurring additional expenditures of US\$15 million⁴ within the subsequent three-year period. Kennecott may elect to create the joint venture after exercising each option to earn in.

In addition, in order to exercise the First Option, Kennecott is required to make the following cash payment to Broadway in an amount of US\$225,000 over the first five years:

- US\$50,000 on April 30, 2019 (paid);
- US\$25,000 on or before April 30, 2020 (paid);
- US\$25,000 on or before April 30, 2021 (paid)⁵;
- US\$25,000 on or before April 30, 2022;
- US\$25,000 on or before April 30, 2023; and
- US\$75,000 on or before April 30, 2024.

On May 17, 2021, the Company entered into an amendment agreement (the "First Amendment Agreement") with Kennecott. Under the First Amendment Agreement, the payment, including the annual pre-production payment of US\$50,000 due on April 1 of each year until the commercial production is commenced, made directly or indirectly by Kennecott to keep the Madison Project in good standing is considered as the Option Expenditures.

Pursuant to the earn-in agreement:

- Kennecott may request Broadway to conduct exploration on its behalf during the first year in return for a 10% administration charge.

⁴ Collectively the "Option Expenditures"

⁵ \$31,655 (US\$25,000) was recognized as a reduction of the carrying value of the Madison Project.

American Pacific Mining Corp.

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7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Madison Project (Montana, US) (continued)

- Broadway has the right to conduct independent drilling and exploration of the skarn zones during the first year.
- Broadway has a right of first offer to acquire Kennecott's interest in the property in the event Kennecott wishes to divest its interest.
- The joint venture may be formed with 55% to Kennecott and 45% to Broadway upon the Kennecott exercise the First Option, 65% to Kennecott and 35% to Broadway upon the Kennecott exercise the Second Option, or 70% to Kennecott and 30% to Broadway upon exercise the Third Option.
- The joint venture will be managed by the Rio Tinto Group and financed by each participant in accordance with its interest.
- Broadway may elect to not finance its interest and be diluted down to a 10% interest. If Broadway is diluted below 10% interest, its interest will convert to a 2% net smelter royalty with a maximum amount payable of US\$50 million.

Gooseberry Gold Project (Nevada, US)

On April 23, 2019, the Company acquired through staking the historic Gooseberry Mine in Storey Nevada, US. The Gooseberry Gold project includes 42 unpatented claims, totaling approximately 708 acres.

Earn-in Agreement with GRAC Global Resource Acquisition Corp. ("GRAC")

On November 4, 2020, the Company entered into an earn-in agreement with GRAC (the "GRAC Agreement"), a private company in British Columbia, Canada.

According to the GRAC Agreement, GRAC can earn up to a 51% interest in the Gooseberry Gold Project within 24 months from the date of the GRAC Agreement ("GRAC Phase 1") by:

- making a non-refundable cash payment to the Company of \$50,000 within the four months after date of the GRAC Agreement (paid⁶);
- issuing 2,000,000 shares to the Company on or before the earlier of:
 - 2 months from the date GRAC completes a transaction to list on the Canadian Securities Exchange or any other recognized stock exchange;
 - 24 months from the date of the GRAC Agreement; and
- funding exploration expenditures of \$1.5 million towards the Gooseberry Gold Project within 24 months from the date of the GRAC Agreement.

Subject to the completion of GRAC Phase 1, GRAC will have four years from the date of the GRAC Agreement (the "GRAC Option Period") to exercise an option to earn an additional 14% interest by making additional one million share payments to the Company and further funding the exploration expenditures of \$3 million towards the Gooseberry Gold Project ("GRAC Phase 2").

⁶ For the \$50,000 non-refundable cash payment received during the six months ended June 30, 2021, the Company recognized \$46,799 as a reduction of the carrying value of the Gooseberry Gold Project and the remaining of \$3,201 was recognized as a gain from option-out of interest in mineral property in the statement of loss and comprehensive loss during the six months ended June 30, 2021.

American Pacific Mining Corp.

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7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Gooseberry Gold Project (Nevada, US) (continued)

Subject to its completion of GRAC Phase 2, GRAC may exercise an option to earn a final 15% interest (for total interest of 80%) by completing a feasibility study on the Gooseberry Gold Project before the end of the Option Period ("GRAC Phase 3").

In addition, GRAC will also responsible of making the payments to the Gooseberry Gold Project holders and pay the claim fees.

GRAC will be the operator of the Gooseberry Gold project and, upon earning-in an interest, a joint venture management committee will be formed.

During the six months ended June 30, 2021, the Company entered into an agreement with GRAC to terminate the GRAC Agreement. Upon termination, the Company now owns 100% of the Gooseberry Gold Project.

Red Hill Project (Nevada, US)

On July 29, 2021 (the "RH Effective Date"), the Company entered into a ten-year renewable lease agreement for the Red Hill property (the "RH Lease Agreement") with Nevada North Resources (USA) Inc. ("Nevada North").

Pursuant to the RH Lease Agreement the Company is required to make a payment of US\$25,000 to Nevada North to hold the Red Hill property for one year from the RH Effective Date. In addition, the Company is required to pay an annual claim maintenance fee of US\$13,244 and make the following annual payment to Nevada North:

- On July 29, 2022 – US\$25,000;
- On July 29, 2023 – US\$25,000;
- On July 29, 2024 – US\$40,000;
- On July 29, 2025 – US\$40,000;
- On July 29, 2026 – US\$45,000;
- On July 29, 2027 – US\$50,000;
- On July 29, 2028 – US\$55,000;
- On July 29, 2029 – US\$55,000; and
- On July 29, 2030 – US\$55,000

Upon commencement of commercial production, the Company is required to pay Nevada North a royalty on production equal to 3% of net smelter returns of which 1.5% the Company may buy back for US\$3,000,000.

8) SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of common shares without par value.

Escrow shares

During the year ended December 31, 2018, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. During the six months ended June 30, 2021, 87,500 common shares were released from escrow (June 30, 2020 – 87,500). At June 30, 2021, there were no common shares held in escrow (December 31, 2020 – 87,500).

American Pacific Mining Corp.

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8) SHARE CAPITAL AND RESERVES (CONTINUED)

Issued share capital

As of June 30, 2021, the Company had 87,010,235 common shares issued and outstanding (December 31, 2020 – 65,489,625) with a value of \$22,306,962 (December 31, 2020 – \$17,986,766).

During the six months ended June 30, 2021

- On June 8, 2021, the Company completed a private placement with a strategic investor, Michael Gentile, CFA. The Company issued 8,181,964 units at \$0.125 per unit to Michael Gentile for gross proceeds of \$1,022,746. Each unit consists of one common share and one warrant, which entitles the holder to purchase one common share of the Company at \$0.16 for a period of two years.

In connection with the private placement, the Company incurred share issuance costs of \$2,388.

- 13,338,646 warrants were exercised for proceeds of \$2,746,810. In addition, the Company reclassified the grant date fair value of the exercised warrants of \$553,028 from warrants reserve to share capital.

During the six months ended June 30, 2020

- On March 4, 2020, the Company issued 88,889 common shares with a fair value of \$12,000 in exchange for the Tuscarora Property.
- On May 22, 2020, the Company completed a non-brokered private placement of 23,918,035 units at a price of \$0.125 for gross proceeds of \$2,989,754. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of \$0.20 at any time prior to November 22, 2021.

In connection with the private placement, the Company incurred the following transaction costs which were recorded as share issuance costs:

- Paid cash of \$57,925 as finders' fees;
- Issued 450,800 finders' shares with fair value of \$160,034;
- Issued 914,200 finders warrants with fair value of \$254,650; and
- Paid cash of \$23,475 for other expenses.

The Company estimated the fair value of finders' warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.27%, an expected life of 18 months, an expected volatility of 171% and an expected dividend yield of 0%. The finders' warrants had the same term as the warrants issued for the non-brokered private placement

- On June 26, 2020, the Company issued 20,000,000 common shares with fair value of \$7,400,000 to complete the acquisition of Broadway Gold Corp.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

8) SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants

The changes in warrants during the six months ended June 30, 2021, are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	32,149,101	0.24
Issued	8,181,964	0.16
Exercised	(13,338,646)	0.21
Expired	(2,433,655)	0.60
Balance, end of period	24,558,764	0.19

During the six months ended June 30, 2021

- 2,433,655 warrants with an expiry date of February 28, 2021 expired unexercised.

During the six months ended June 30, 2020

- 117,902 warrants with an expiry date of February 28, 2020 expired unexercised.
- The Company extended the expiry date of 2,433,667 warrants with an expiry date of February 28, 2020 to February 28, 2021. The extension was approved by the Canadian Securities Exchange.
- In connection with the acquisition of Broadway Gold Corp., on June 26, 2020, the Company issued 5,000,000 common share purchase warrants exercisable within 18-month from the date of issuance to acquire the Company's common shares at a price of \$0.25.

The following summarizes information about warrants outstanding at June 30, 2021:

Expiry date	Exercise price (\$)	Warrants outstanding	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
November 22, 2021	0.20	12,999,459	133,823	0.40
December 25, 2021	0.25	3,377,341	948,932	0.49
June 8, 2023	0.16	8,181,964	-	1.94
		24,558,764	1,082,755	0.92

Subsequent to June 30, 2021, 7,351,738 warrants were exercised for proceeds of \$\$1,510,664 of which \$85,515 was received during the six months ended June 30, 2021.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

8) SHARE CAPITAL AND RESERVES (CONTINUED)

Stock options

The Company has a Stock Option Plan (the "Plan") applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is ten years from the grant date. Under the stock option plan, management has the option of determining vesting periods.

The changes in stock options during the six months ended June 30, 2021, are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	2,850,000	0.47
Granted	1,800,000	0.27
Balance, end of period	4,650,000	0.39

During the six months ended June 30, 2021

- On May 27, 2021, the Company granted 1,800,000 options with an exercise price of \$0.27 to its directors, officers, and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

During the six months ended June 30, 2020

- The Company cancelled 1,316,667 stock options.
- On May 14, 2020, the Company granted 350,000 options with an exercise price of \$0.325 to a consultant. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

The estimated grant date fair value of the options granted during the six months ended June 30, 2021 and 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the six months ended	
	June 30, 2021	June 30, 2020
Number of options granted	1,800,000	350,000
Risk-free interest rate	0.74%	0.32%
Expected annual volatility	N/A	N/A
Expected life (in years)	5.00	5.00
Expected dividend yield	0%	0%
Grant date fair value per option (\$)	0.18	0.13
Share price at grant date (\$)	0.28	0.24

During the six months ended June 30, 2021, the Company recognized share-based payments expense arising from stock options of \$320,100 (June 30, 2020 – \$44,450).

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

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(Expressed in Canadian Dollars)

8) SHARE CAPITAL AND RESERVES (CONTINUED)**Stock options**

The following summarizes information about stock options outstanding and exercisable at June 30, 2021:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
May 14, 2025	0.325	350,000	350,000	44,450	3.87
July 22, 2025	0.490	2,500,000	2,500,000	764,554	4.06
May 27, 2026	0.270	1,800,000	1,800,000	320,100	4.91
		4,650,000	4,650,000	1,129,104	4.38
Weighted average exercise price (\$)		0.39	0.39		

9) RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the six months ended June 30, 2021 and 2020:

	Footnote	For the six months ended	
		June 30, 2021	June 30, 2020
		\$	\$
Warwick Smith, CEO and Director			
Consulting fees	(1)	109,500	90,655
Share-based payments		53,350	-
		162,850	90,655
Eric Saderholm, President and Director			
Consulting fees		15,155	25,247
Exploration and evaluation costs		91,429	90,964
Share-based payments		53,350	-
		159,934	116,211
Alnesh Mohan, CFO and Corporate Secretary			
Professional fees	(2)	49,680	-
Share-based payments		53,350	-
		103,030	-

American Pacific Mining Corp.

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9) RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	Footnote	For the six months ended	
		June 30, 2021	June 30, 2020
		\$	\$
Norman Wareham, Director, Former CFO and Corporate Secretary			
Consulting fees	(3)	30,000	45,000
Ken Cunningham, Director			
Directors' fees		7,495	8,280
Share-based payments		53,350	-
		60,845	8,280
Joness Lang, Director			
Consulting fees		10,000	3,000
Directors' fees		7,392	8,280
Share-based payments		53,350	-
		70,742	11,280
Total		587,401	271,426

(1) Paid to Harbourside Consulting Ltd. which is controlled by Mr. Smith.

(2) Paid to Quantum Advisory Partners LLP, an accounting firm in which Mr. Mohan is an incorporated partner.

(3) Paid to Inlet Consulting Ltd. which is controlled by Mr. Wareham.

As at June 30, 2021, the balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$38,689 (December 31, 2020 – \$33,548). These amounts are unsecured, non-interest bearing and payable on demand.

10) SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	Total	Canada	United States
	\$	\$	\$
As at June 30, 2021			
Non-current assets			
Reclamation deposits	24,790	-	24,790
Property and equipment	48,472	1,406	47,066
Exploration and evaluation assets	9,112,976	-	9,112,976
	9,186,238	1,406	9,184,832
As at December 31, 2020			
Non-current assets			
Reclamation deposits	25,482	-	25,482
Property and equipment	57,135	2,707	54,428
Exploration and evaluation assets	9,315,638	-	9,315,638
	9,398,255	2,707	9,395,548

American Pacific Mining Corp.

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11) CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management at any time during the six months ended June 30, 2021. The Company is not subject to externally imposed capital requirements.

12) FINANCIAL INSTRUMENTS

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	June 30, 2021	FVTPL \$	Amortized costs \$	FVTOCI \$
Financial assets:				
ASSETS				
Cash and cash equivalents	4,500,608	4,500,608	-	-
Amounts receivable	17,330	-	17,330	-
Reclamation deposits	24,790	-	24,790	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(126,199)	-	(126,199)	-

	December 31, 2020	FVTPL \$	Amortized costs \$	FVTOCI \$
Financial assets:				
ASSETS				
Cash and cash equivalents	1,465,912	1,465,912	-	-
Amounts receivable	27,173	-	27,173	-
Reclamation deposits	25,482	-	25,482	-
Marketable securities	920,000	920,000	-	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(149,298)	-	(149,298)	-

The carrying values of amounts receivable, reclamation deposits, accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

American Pacific Mining Corp.

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12) FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

As at June 30, 2021 and December 31, 2020, the financial instrument recorded at fair value on the statements of financial position is cash and cash equivalents and marketable securities which is measured using Level 1 of the fair value hierarchy. As at June 30, 2021 and December 31, 2020, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements 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 that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable.

The Company's cash and cash equivalents is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash and cash equivalents based in Canada are accessible. The Company's amounts receivable balance does not represent significant credit exposure as it is principally due from the Government of Canada.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at June 30, 2021, the Company had cash and cash equivalents of \$4,500,608 and accounts payable and accrued liabilities of \$126,199. All accounts payable and accrued liabilities are current.

American Pacific Mining Corp.

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12) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash and cash equivalents are easily accessible.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on the balance of cash at June 30, 2021 would result in an approximately \$45,000 change to the Company's loss for the six months ended June 30, 2021.

Foreign Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, amounts receivable, and accounts payable and accrued liabilities are held in CAD and United States dollars ("US"); therefore, US accounts are subject to fluctuation against the CAD.

The Company's financial instruments were denominated as follows as at June 30, 2021:

	CA\$	US\$
Cash and cash equivalents	4,229,454	218,761
Amounts receivable	17,330	-
Reclamation deposits	-	20,000
Accounts payable and accrued liabilities	(106,514)	(15,881)
	4,140,270	222,880
Rate to convert to \$1.00 CAD	1.00	1.24
Equivalent to CAD	4,140,270	276,260

Based on the above net exposures as at June 30, 2021, and assuming that all other variables remain constant, a 10% change of the CAD against the US would change profit or loss by approximately \$28,000.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.