



OPTIMUM VENTURES LTD.

Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Optimum Ventures Ltd.

Opinion

We have audited the consolidated financial statements of Optimum Ventures Ltd. (the "Company") which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
October 26, 2021

Optimum Ventures Ltd.

Consolidated Statements of Financial Position

June 30, 2021 and 2020

(Stated in Canadian Dollars)

	Note	2021	2020
ASSETS			
Current assets			
Cash		\$ 3,155,234	\$ 409,238
Receivables		2,199	799
Prepaid expenses		20,437	2,600
		<u>3,177,870</u>	<u>412,637</u>
Non-current assets			
Reclamation bond		7,977	-
Exploration and evaluation assets	5, 6	601,533	442,162
		<u>609,510</u>	<u>442,162</u>
		<u>\$ 3,787,380</u>	<u>\$ 854,799</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 59,215	\$ 18,611
Due to related parties	6	63,000	31,500
		<u>122,215</u>	<u>50,111</u>
EQUITY			
Share capital	7	4,194,880	1,226,885
Contributed surplus	7, 10	177,040	177,040
Deficit		(706,755)	(599,237)
		<u>3,665,165</u>	<u>804,688</u>
		<u>\$ 3,787,380</u>	<u>\$ 854,799</u>

Corporate Information – Note 1

Going Concern – Note 2

Commitments – Notes 5 and 7

Subsequent Event – Note 14

Approved on behalf of the Board on October 26, 2021:

“Tyler Ross”

Tyler Ross, CEO and Director

“Edward Kruchkowski”

Edward Kruchkowski, CFO and Director

The accompanying notes are an integral part of these consolidated financial statements

Optimum Ventures Ltd.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended June 30, 2021 and 2020

(Stated in Canadian Dollars)

	Note	2021	2020
Expenses			
Accounting and audit		\$ 29,000	\$ 25,050
Filing fees		9,788	53,950
Legal		5,101	22,331
Listing expenses		-	190,935
Management fees	6	30,000	25,000
Office and miscellaneous		4,481	4,051
Rent	6	12,000	10,000
Share-based payments	6, 10	-	143,000
Transfer agent		17,148	9,683
Net loss and comprehensive loss		\$ (107,518)	\$ (484,000)
Loss per share – basic and diluted		\$ (0.005)	\$ (0.024)
Weighted average number of shares outstanding		22,094,669	19,905,383

The accompanying notes are an integral part of these consolidated financial statements

Optimum Ventures Ltd.

Consolidated Statements of Changes in Equity
For the years ended June 30, 2021 and 2020
(Stated in Canadian Dollars)

	Number of shares	Amount	Contributed surplus	Deficit	Total
Balance at June 30, 2020	21,905,000	\$ 1,226,885	\$ 177,040	\$ (599,237)	\$ 804,688
Shares issued:					
Private placement – at \$0.26	11,538,191	2,999,930	-	-	2,999,930
Less: share issue costs	-	(31,935)	-	-	(31,935)
Net loss and comprehensive loss	-	-	-	(107,518)	(107,518)
Balance at June 30, 2021	33,443,191	\$ 4,194,880	\$ 177,040	\$ (706,755)	\$ 3,665,165

	Number of shares	Amount	Contributed surplus	Deficit	Total
Balance at June 30, 2019	17,650,000	\$ 686,500	\$ -	\$ (115,237)	\$ 571,263
Shares issued:					
Initial Public Offering – at \$0.15	4,255,000	638,250	-	-	638,250
Less: share issue costs	-	(97,865)	34,040	-	(63,825)
Share-based payments	-	-	143,000	-	143,000
Net loss and comprehensive loss	-	-	-	(484,000)	(484,000)
Balance at June 30, 2020	21,905,000	\$ 1,226,885	\$ 177,040	\$ (599,237)	\$ 804,688

The accompanying notes are an integral part of these consolidated financial statements

Optimum Ventures Ltd.

Consolidated Statements of Cash Flows

For the years ended June 30, 2021 and 2020

(Stated in Canadian Dollars)

	2021	2020
Operating Activities		
Net loss	\$ (107,518)	\$ (484,000)
Adjustment for non-cash item:		
Share-based payments	-	143,000
Changes in non-cash working capital balances:		
Deposits	-	10,000
Receivables	(1,400)	1,329
Prepaid expenses	(17,837)	(2,600)
Accounts payable and accrued liabilities	40,604	(22,845)
Due to related parties	31,500	31,500
	(54,651)	(323,616)
Financing Activity		
Shares issued, net of share issue costs	2,967,995	574,425
	2,967,995	574,425
Investing Activities		
Reclamation bond	(7,977)	-
Expenditures on exploration and evaluation assets	(159,371)	(24,350)
	(167,348)	(24,350)
Change in cash	2,745,996	226,459
Cash, beginning	409,238	182,779
Cash, ending	\$ 3,155,234	\$ 409,238
Supplemental Information		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -

Non-cash Transactions – Note 12

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

1. Corporate Information

Optimum Ventures Ltd. (the “Company”) was incorporated on November 23, 2017 under the laws of the Province of British Columbia, Canada. The Company’s principal business activity is the acquisition, exploration and evaluation of mineral properties. The Company has the option to earn a 100% interest in the Premier South Property located in the State of Alaska, USA.

On February 8, 2019, the Company incorporated a 100% owned Alaskan subsidiary, Hyder Ventures Ltd., to carry out its business activities in the State of Alaska.

The Company completed an initial public offering of its common shares on December 20, 2019 and on January 2, 2020, the Company’s common shares began trading on the TSX Venture Exchange under the symbol “OPV”.

The Company’s head office is located at Suite 1507 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue on October 26, 2021 by the directors of the Company.

Basis of Measurement

These consolidated financial statements have been prepared using the historical cost basis except for financial instruments that have been measured at fair value.

The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency and presentation currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

2. Basis of Preparation (cont'd)

Going Concern

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies and financial markets, leading to a global economic downturn.

The Premier South Property is located in the State of Alaska, USA which has delayed the drilling program outlined in the Company's initial public offering prospectus due to cross border travel restrictions. During the year ended June 30, 2021, the Company used US labour contractors to upgrade the access road to the property and to complete surface field work. Management has implemented safeguards and protocols recommended by the relevant health authorities to protect its workers and continues to monitor the situation.

At June 30, 2021, the Company has not generated revenue from operations, has an accumulated deficit of \$706,755 and expects to incur further losses in the exploration and evaluation of its mineral properties. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company's ability to obtain adequate financing to develop the reserves, and its ability to generate revenues and cash flows from profitable operations in the future. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The junior mining industry is considered speculative in nature which could make the Company more difficult to fund.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled entity. All inter-company balances and transactions have been eliminated on consolidation. Details of its controlled entity are as follows:

Name of subsidiary	Country of Incorporation	Percentage ownership	Functional Currency
Hyder Ventures Ltd.	USA	100%	CAD

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

3. Significant Accounting Policies

These consolidated financial statements have, in management's opinion, been properly and consistently prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or at a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Exploration and Evaluation Assets

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At June 30, 2021 and 2020, the Company did not have any rehabilitation provisions.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Financial Instruments

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment of Financial Assets

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and due to related parties are classified at amortized cost.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

Loss per Share

Basic loss per share is computed by dividing the net loss applicable to the common shares by the weighted average number of common shares outstanding for the period.

Diluted loss per share is computed by dividing the net loss applicable to the common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. When losses are incurred, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Share-Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Recent Accounting Pronouncements

The Company has not identified any new accounting pronouncements that are likely to have a material impact on the consolidated financial statements.

New Accounting Standards and Interpretations

There were no recently adopted accounting standards with a material impact to the consolidated financial statements during the year ended June 30, 2021.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

4. Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Rehabilitation Provisions

Rehabilitation provisions have been determined to be \$Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Share-Based Payments

The Company uses the Black Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Valuation of Deferred Tax Assets

The Company makes a determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

Going Concern

The Company uses judgement in its assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

5. Exploration and Evaluation Assets

Premier South Property

Riverside Option

By an option assignment agreement dated December 8, 2017, the Company has the right to acquire a 100% interest in the Riverside claims which consist of 8 patented mineral claims located in the Hyder Mining District, in the State of Alaska, USA. Consideration to acquire the 100% interest is as follows:

Cash Payments:

- US\$10,000 on execution of the agreement (paid);
- a further US\$20,000 on or before September 22, 2018 (paid);
- a further US\$30,000 on or before September 22, 2019 (paid);
- a further US\$40,000 on or before September 22, 2020 (paid); and
- a further US\$50,000 on or before September 22, 2021 (subsequently paid).

Cumulative Exploration Expenditures:

- US\$10,000 on or before September 22, 2018 (incurred);
- a further US\$30,000 on or before September 22, 2019 (incurred);
- a further US\$40,000 on or before September 22, 2020 (incurred); and
- a further US\$50,000 on or before September 22, 2021 (subsequently incurred).

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the following year's commitment.

At any time after September 22, 2018 but before September 22, 2022, the Company may purchase the Riverside claims outright for US\$500,000 provided that all the cash payments and exploration expenditures set out above have been made to the latest anniversary date.

The Riverside claims are subject to a 2% net smelter returns royalty. The Company has the right, at any time, to purchase one-half of the royalty for US\$500,000.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

5. Exploration and Evaluation Assets (cont'd)

Premier South Property – (cont'd)

Mineral Basin Option

By an option assignment agreement dated December 8, 2017, the Company has the right to acquire up to a 100% interest in the Mineral Basin claims which consist of 4 federally located mineral claims located in the Hyder Mining District, in the State of Alaska, USA. Consideration to acquire an initial 51% the interest is as follows:

Cash Payments:

- US\$10,000 on execution of the agreement (paid);
- a further US\$20,000 on or before September 25, 2018 (paid);
- a further US\$20,000 on or before September 25, 2019 (paid);
- a further US\$20,000 on or before September 25, 2020 (paid);
- a further US\$20,000 on or before September 25, 2021 (subsequently paid); and
- a further US\$200,000 on or before September 25, 2022.

Cumulative Exploration Expenditures:

- US\$30,000 on or before September 25, 2018 (incurred);
- a further US\$50,000 on or before September 25, 2019 (incurred);
- a further US\$70,000 on or before September 25, 2020 (incurred);
- a further US\$100,000 on or before September 25, 2021 (subsequently incurred); and
- a further US\$200,000 on or before September 25, 2022.

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the following year's commitment.

Upon earning a 51% interest in the Mineral Basin claims, the Company has the right to purchase the remaining 49% interest for US\$500,000 at any time on or before September 25, 2023.

The Mineral Basin claims are subject to a 2% net smelter returns royalty. The Company has the right, at any time, to purchase one-half of the royalty for US\$500,000.

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(Stated in Canadian Dollars)

5. Exploration and Evaluation Assets (cont'd)**Premier South Property – (cont'd)**

Acquisition, exploration and evaluation costs incurred on the Riverside and Mineral Basin claims are as follows:

	Riverside	Mineral Basin	Total
As at June 30, 2019	<u>\$ 275,468</u>	<u>\$ 142,344</u>	<u>\$ 417,812</u>
Property acquisition costs	9,000	9,000	18,000
Deferred exploration costs - assays	354	354	708
Deferred exploration costs - geological	1,800	1,800	3,600
Deferred exploration costs - travel and field	<u>1,021</u>	<u>1,021</u>	<u>2,042</u>
	<u>12,175</u>	<u>12,175</u>	<u>24,350</u>
As at June 30, 2020	<u>\$ 287,643</u>	<u>\$ 154,519</u>	<u>\$ 442,162</u>
Property acquisition costs	52,780	26,390	79,170
Deferred exploration costs - assays	11,743	11,743	23,486
Deferred exploration costs - claim maintenance fees	4,717	4,717	9,434
Deferred exploration costs - equipment rental – Note 6	9,737	9,737	19,474
Deferred exploration costs - geological	1,775	1,775	3,550
Deferred exploration costs - labour	12,096	12,096	24,192
Deferred exploration costs - travel and field	<u>32</u>	<u>33</u>	<u>65</u>
	<u>92,880</u>	<u>66,491</u>	<u>159,371</u>
As at June 30, 2021	<u>\$ 380,523</u>	<u>\$ 221,010</u>	<u>\$ 601,533</u>

During the year ended June 30, 2020, the Company acquired 23 additional mineral claims in the State of Alaska, USA to expand the area around its Riverside and Mineral Basin claims. The Company made a cash payment of \$18,000 for the additional claims.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

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(Stated in Canadian Dollars)

6. Related Party Transactions and Key Management Compensation

The Company incurred the following charges by directors of the Company, by companies with directors in common with the Company and by a company managed by a director of the Company during the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred exploration costs – equipment rental	\$ 18,645	\$ -
Management fees	30,000	25,000
Rent	12,000	10,000
Share-based payments	<u>-</u>	<u>130,000</u>
	<u>\$ 60,645</u>	<u>\$ 165,000</u>

Key management personnel consist of the directors and officers of the Company. During the years ended June 30, 2021 and 2020, the Company incurred the following key management compensation charges:

	<u>2021</u>	<u>2020</u>
Management fees	\$ 30,000	\$ 25,000
Share-based payments	<u>-</u>	<u>130,000</u>
	<u>\$ 30,000</u>	<u>\$ 155,000</u>

At June 30, 2021, due to related parties includes \$63,000 (2020: \$31,500) due to companies with directors in common with the Company for management fees and office rent.

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

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(Stated in Canadian Dollars)

7. Share Capital

Authorized:

Unlimited common shares without par value

Issued:

At June 30, 2021, there were 33,443,191 (2020 - 21,905,000) common shares issued and outstanding.

Issued During the Year Ended June 30, 2021:

Private Placement:

On June 25, 2021, the Company issued 11,538,191 units at \$0.26 per unit for gross proceeds of \$2,999,930. Each unit consisted of one common share and one-half of one share purchase warrant. Each full share purchase warrant entitled the holder to purchase an additional common share at \$0.35 until June 25, 2023. Legal fees of \$14,716 and filing fees of \$17,219 were paid with respect to this private placement.

Issued During the Year Ended June 30, 2020:

Initial Public Offering:

The Company entered into an agreement with Mackie Research Capital Corporation (the "Agent") to complete an initial public offering ("IPO") for the issuance of up to 4,000,000 common shares at \$0.15 per share for gross proceeds of up to \$600,000. The Company granted the Agent an over-allotment option to increase the size of the IPO by up to 15% for 30 days from the closing of the IPO.

On December 20, 2019, the Company completed its IPO under which it issued 4,255,000 common shares at \$0.15 per share for gross proceeds of \$638,250.

The Agent exercised its overallotment option to the extent of 255,000 common shares. The Agent received a cash commission of \$63,825. In addition, the Agent received a corporate finance fee of \$30,000 and 425,500 agent's options.

The fair value of the agent's options issued was \$34,040. The fair value was determined using the Black-Scholes option pricing model using the following assumptions:

Option price	\$ 0.15
Expected life of options	2 years
Annualized volatility	100%
Risk-free interest rate	1.58%
Dividend rate	0%

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

7. Share Capital (cont'd)

Escrow:

Pursuant to an escrow agreement dated September 27, 2019, the directors of the Company agreed to deposit 11,000,000 common shares in escrow.

Under the terms of the escrow agreement, 10% of the escrowed securities will be released from escrow on the listing date of the Company's common shares on the TSX Venture Exchange. The listing date was December 20, 2019.

An additional 15% was scheduled to be released from escrow on the dates which were 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the listing date.

At June 30, 2021, there were 4,950,000 common shares held in escrow. These common shares will be released from escrow on the following dates:

December 20, 2021	1,650,000
June 20, 2022	1,650,000
December 20, 2022	<u>1,650,000</u>
	<u><u>4,950,000</u></u>

Share Purchase Warrants:

At June 30, 2021, there were 5,769,095 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date
5,769,095	\$0.35	June 25, 2023
<u>5,769,095</u>		

At June 30, 2021, the weighted average remaining contractual life of the outstanding warrants was 1.98 years.

Agent's Options:

At June 30, 2021, there were 425,500 agent's options outstanding entitling the agent the right to purchase one common share for each option held as follows:

Number of Options Outstanding	Exercise Price	Expiry Date
425,500	\$0.15	December 20, 2021
<u>425,500</u>		

At June 30, 2021, the weighted average remaining contractual life of the outstanding options was 0.47 years.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

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(Stated in Canadian Dollars)

8. Financial Instruments and Risk Management

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

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

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

The Company's financial instruments consist of cash, accounts payable and due to related parties. Cash is classified as FVTPL and accounts payable and due to related parties are classified as financial liabilities at amortized cost.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and amounts due to related parties are all current and due within 90 days of the balance sheet date.

Currency Risk

The Company's functional currency is the Canadian dollar. The exploration of the Company's mineral properties is partially conducted in United States dollars, which may impact operating results and cash flows by changes in the Canadian dollar vis-à-vis the United States dollar. The Company does not engage in any hedging activities to reduce its foreign currency risk.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

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(Stated in Canadian Dollars)

9. Income Taxes

The difference between income tax expense for the years ended June 30, 2021 and 2020 and the expected income taxes based on the statutory tax rate arises as follows:

	<u>2021</u>	<u>2020</u>
Net loss before income taxes	\$ <u>(107,518)</u>	\$ <u>(484,000)</u>
Tax recovery on the statutory rate of 27%	\$ (29,000)	(131,000)
Permanent differences and other	20,000	22,000
Changes in unrecognized deferred tax assets	<u>9,000</u>	<u>109,000</u>
	<u>\$ -</u>	<u>\$ -</u>

As at June 30, 2021 and 2020, no deferred tax assets have been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable income will allow the deferred tax assets to be recovered:

	<u>2021</u>	<u>2020</u>
Non-capital losses	\$ 195,000	\$ 148,000
Exploration and evaluation assets	(36,000)	(22,000)
Share issuance costs	(10,000)	14,000
Unrecognized deferred tax assets	<u>(149,000)</u>	<u>(140,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2021, the Company had accumulated non-capital losses of approximately \$723,000 that are available to carry forward and offset future years' income. These non-capital losses begin to expire in 2038.

At June 30, 2021, the Company had foreign resource deduction tax pools of approximately \$468,000 that are available to carry forward indefinitely.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Stated in Canadian Dollars)

10. Share-based Payments

Stock Options:

The Company's stock option plan was approved by the Company's board of directors on June 1, 2019. Pursuant to the stock option plan, the board of directors may grant to directors, officers, employees and consultants incentive stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Stock options will be exercisable for a period of up to 10 years from the date of grant. Under the stock option plan, options are required to have an exercise price not less than the closing market price of the Company's common shares prevailing on the day that the option is granted less any applicable discount permitted by the policies of the TSX Venture Exchange.

Stock Options Granted During the Year Ended June 30, 2020:

On July 15, 2019, the Company granted 1,100,000 stock options to directors and consultants of the Company.

The weighted average grant date fair value of the options granted was \$143,000. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Option price	\$ 0.15
Expected life of options	10 years
Annualized volatility	100%
Risk-free interest rate	2.50%
Dividend rate	0%
Forfeiture rate	0%

At June 30, 2021, there were 1,100,000 stock options outstanding entitling the holders the right to purchase one common share for each option held as follows:

Number of Options Outstanding	Exercise Price	Expiry Date
1,100,000	\$0.15	December 20, 2029
1,100,000		

At June 30, 2021, the weighted average remaining contractual life of the outstanding options was 8.47 years.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

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(Stated in Canadian Dollars)

11. Segmented Information

The Company operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral properties in the State of Alaska, USA.

12. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows:

During the year ended June 30, 2020:

The Company issued 425,500 agent's warrants with a fair value of \$34,040 on closing of its IPO.

13. Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties, finance corporate overhead costs, meet obligations as they come due, and to maintain a flexible capital structure which optimizes the cost of capital within a framework at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. The Company has no earnings and therefore has historically financed its acquisition and exploration activities and corporate overhead costs by the sale of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize development efforts, the Company does not pay out dividends.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

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(Stated in Canadian Dollars)

14. Subsequent Event

On September 13, 2021, the Company entered into an option agreement to acquire an 80% interest in the Harry property. The Harry property consists of three contiguous mineral claims covering 1,333 hectares and is located in the Skeena Mining Division of British Columbia.

Consideration to acquire the 80% interest in the Harry property is as follows:

Cumulative Exploration Expenditures:

- \$500,000 on or before September 13, 2022 (“the Year 1 expenditures”);
- a further \$1,000,000 on or before September 13, 2023 (“the Year 2 expenditures”);
- a further \$1,500,000 on or before September 13, 2024 (“the Year 3 expenditures”);
- a further \$2,000,000 on or before September 13, 2025 (“the Year 4 expenditures”);
- a further \$4,000,000 on or before September 13, 2026 (“the Year 5 expenditures”).

All exploration expenditures are on a “make or pay” basis, meaning the Company shall either make the required expenditures, or pay the Optionor in cash for any shortfall within 30 days of the period during which the expenditures were required.

Cash Payments:

- \$50,000 on TSX Venture Exchange approval of the agreement;
- a further \$75,000 on or before the earlier of September 13, 2022 and the date that is 30 days after the date that the Year 1 expenditures are incurred;
- a further \$100,000 on or before the earlier of September 13, 2023 and the date that is 30 days after the date that the Year 2 expenditures are incurred;
- a further \$150,000 on or before the earlier of September 13, 2024 and the date that is 30 days after the date that the Year 3 expenditures are incurred;
- a further \$400,000 on or before the earlier of September 13, 2025 and the date that is 30 days after the date that the Year 4 expenditures are incurred;
- a further \$725,000 on or before the earlier of September 13, 2026 and the date that is 30 days after the date that the Year 5 expenditures are incurred.

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Notes to the Consolidated Financial Statements

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(Stated in Canadian Dollars)

14. Subsequent Event (cont'd)

Share Issuances:

- 200,000 shares on TSX Venture Exchange approval of the agreement;
- a further 300,000 shares on or before the earlier of September 13, 2022 and the date that is 30 days after the date that the Year 1 expenditures are incurred;
- a further 300,000 shares on or before the earlier of September 13, 2023 and the date that is 30 days after the date that the Year 2 expenditures are incurred;
- a further 700,000 shares on or before the earlier of September 13, 2024 and the date that is 30 days after the date that the Year 3 expenditures are incurred;
- a further 1,000,000 shares on or before the earlier of September 13, 2025 and the date that is 30 days after the date that the Year 4 expenditures are incurred;
- a further 1,500,000 shares on or before the earlier of September 13, 2026 and the date that is 30 days after the date that the Year 5 expenditures are incurred.

Upon exercise of the option by the Company, the parties will enter into a joint venture agreement for the operation of the Harry property with the Company being the operator. The Company will grant the Optionor a 2% net smelter return royalty.

Concurrent with the entry into the option agreement for the Harry property, the Company entered into a quitclaim agreement with another public company, pursuant to which the other public company agreed to terminate its option agreement on the Harry property in consideration for \$27,000 and the issuance of 750,000 shares of the Company.

In connection with both of the above agreements, the Company entered into a finders' fee agreement under which the Company will pay a finder's fee (in shares) up to the maximum amount permitted by the policies of the TSX Venture Exchange.

The above agreements are subject to customary closing conditions, including the approval of the TSX Venture Exchange.