

STARR PEAK

Mining Ltd.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

FOR THE SIX MONTHS ENDED JANUARY 31, 2021

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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

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

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	January 31, 2021	July 31, 2020
ASSETS		
Current		
Cash	\$ 2,794,098	\$ 428,786
Receivables	35,684	4,859
Prepaid (Note 9)	353,132	40,226
Investments (Note 4)	6,955	7,641
	<u>3,189,869</u>	<u>481,512</u>
Exploration and evaluation assets (Note 5)	<u>16,787,000</u>	<u>5,550,000</u>
	<u>\$ 19,976,869</u>	<u>\$ 6,031,512</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 195,316	\$ 115,317
Due to related parties (Note 9)	39,455	20,230
	<u>234,771</u>	<u>135,547</u>
Shareholders' equity		
Share capital (Note 7)	32,325,597	17,673,164
Reserve (Note 7)	3,454,361	1,975,029
Subscription receivable (Note 7)	(50,000)	(50,000)
Subscription received in advance (Note 7)	-	10,000
Deficit	(15,987,860)	(13,712,228)
	<u>19,742,098</u>	<u>5,895,965</u>
	<u>\$ 19,976,869</u>	<u>\$ 6,031,512</u>

Nature and continuance of operations (Note 1)

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

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three Months Ended January 31, 2021	Three Months Ended January 31, 2020	Six Months Ended January 31, 2021	Six Months Ended January 31, 2020
Bank charges, interest and penalties	\$ 878	\$ 18	\$ 1,574	\$ 52
BC mining tax credit (Note 5)	-	-	-	(44,006)
Consulting	233,277	-	262,195	-
Exploration (Note 5)	124,867	-	184,528	-
Foreign exchange	(18,572)	-	(23,402)	-
Income tax recovery	(5,670)	-	(5,670)	-
Management fees (Note 9)	67,668	-	136,423	-
Office and administration	3,681	1,472	4,393	1,532
Professional fees (Note 9)	41,910	18,630	104,517	22,630
Promotion and shareholder communications	104,109	1,380	158,530	2,495
Share-based compensation (Note 7 and 9)	434,865	-	1,402,865	-
Transfer agent and filing fees	9,758	3,952	48,993	4,706
Unrealized loss on investments (Note 4)	297	2,548	686	1,321
Write-off of interest expense (Note 6)	-	-	-	(1,412)
Net and comprehensive income (loss) for the period	\$ (997,068)	\$ (28,000)	\$ (2,275,632)	\$ 12,682
Basic and diluted income (loss) per common share	\$ (0.03)	\$ (0.00)	\$ (0.07)	\$ 0.00
Weighted average number of common shares	31,319,964	19,704,015	30,491,486	19,704,015

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

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	<u>Share Capital</u>		Reserves	Subscription Receivable	Subscription Received in Advance	Deficit	Shareholders' Equity (Deficiency)
	Common Shares	Amount					
Balance, July 31, 2019	19,704,015	\$ 11,278,351	\$ 1,693,882	\$ -	\$ -	(13,098,117)	(125,884)
Net income for the period	-	-	-	-	-	12,682	12,682
Balance, January 31, 2020	19,704,015	\$ 11,278,351	\$ 1,693,882	\$ -	\$ -	(13,085,435)	(113,202)
Balance, July 31, 2020	28,001,051	\$ 17,673,164	\$ 1,975,029	(50,000)	10,000	(13,712,228)	5,895,965
Private placements	2,065,000	3,760,000	-	-	(10,000)	-	3,750,000
Share issuance costs - cash	-	(225,600)	-	-	-	-	(225,600)
Share issuance costs – broker warrants	-	(76,467)	76,467	-	-	-	-
Exploration and evaluation assets	5,700,000	11,157,000	-	-	-	-	11,157,000
Exercise of warrants	50,000	37,500	-	-	-	-	37,500
Share-based compensation	-	-	1,402,865	-	-	-	1,402,865
Net loss for the period	-	-	-	-	-	(2,275,632)	(2,275,632)
Balance, January 31, 2021	35,816,051	\$ 32,325,597	\$ 3,454,361	(50,000)	\$ -	(15,987,860)	19,742,098

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

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JANUARY 31,
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (2,275,632)	\$ 12,682
Items not affecting cash:		
Share-based compensation	1,402,865	-
Unrealized loss (gain) on investments	686	1,321
Write-off of interest expense	-	(1,412)
Changes in non-cash working capital items:		
Receivables and prepaids	(30,825)	1,676
Prepaid	(312,906)	-
Accounts payable and accrued liabilities	79,999	7,608
Due to related parties	19,225	(1,108)
Net cash provided by (used in) operating activities	(1,116,588)	20,767
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(80,000)	-
Net cash used in investing activities	(80,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	3,750,000	-
Share issuance costs	(225,600)	-
Exercise of warrants	37,500	-
Repayment of loan	-	(20,125)
Net cash provided by (used in) financing activities	3,561,900	(20,125)
Change in cash during the period	2,365,312	642
Cash, beginning of period	428,786	253
Cash, end of period	\$ 2,794,098	\$ 895
Supplemental Cash Flow Information		
Interest payments	\$ -	\$ -
Income tax payments	\$ -	\$ -
Non-cash items:		
Issuance of common shares for exploration and evaluation assets	\$ 11,157,000	\$ -
Fair value of finder's warrants	\$ 76,467	\$ -

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

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Starr Peak Mining Ltd. (formerly Starr Peak Exploration Ltd.) (“the Company”) was incorporated under the Canada Business Corporations Act on February 4, 1981 and has continued as a company under the Business Corporations Act of British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties. The Company’s head office, principal address and registered records office is Suite 300 – 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

The Company’s condensed interim financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The Company has incurred ongoing losses and has an accumulated deficit. The 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 in existence. Such adjustments would be material.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition and exploration of exploration and evaluation assets, is dependent on the Company’s ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and acquire mineral properties. The outcome of these matters cannot be predicted at this time. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

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

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of its mineral properties and upon future profitable production.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do 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 audited annual financial statements of the Company for the year ended July 31, 2020.

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

2. BASIS OF PRESENTATION (continued)

Approval of the financial statements

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 25, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates and judgments

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

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

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.
- iii) The recorded value of provision. This amount represents a best estimate of the probable amount payable taking into account available evidence including past history of payments and uncertainty of outflow of future resources.

Exploration and evaluation assets

All costs related to the acquisition of exploration and evaluation assets are capitalized on a property by property basis, net of recoveries. Exploration costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are expensed to operations as incurred. If economically recoverable ore reserves are developed, capitalized costs of the related property are classified as mining assets and amortized using the unit-of-production method. When a property is abandoned, all related costs are written off to operations.

The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values. These costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

From time to time, the Company may acquire or dispose of an exploration and evaluation asset pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale of an option of the Company's property are recorded as a reduction of the mineral property cost. The Company recognizes amounts received in excess of the carrying amount in profit or loss.

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Evaluation and exploration assets are assessed for impairment by management when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

Impairment of tangible assets

The Company's tangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets (continued)

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Income (loss) per share

Basic income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The Company computes the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate oil and gas properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned the residual value after the main component of the equity financing (common shares) is valued. Warrants that are issued as payment for agency fee or other transaction costs are recorded in reserves. Consideration received for the exercise of warrants is recorded in share capital and the related residual value in warrants reserve is transferred to share capital. For those warrants that expired, the recorded value remains in reserve.

In situations where capital stock is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date of issuance.

Share-based payments

The Company grants options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in the reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in the reserve is transferred to share capital.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in profit or loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Flow-through shares

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a flow-through premium liability and included as a liability. Upon related expenditures being incurred, the Company proportionately derecognizes the liability and recognizes the offsetting amount in profit or loss.

The Company indemnifies the subscribers of flow-through shares against certain tax related amounts that become due related to their flow-through subscriptions.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income (loss) and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of income (loss) and comprehensive income (loss) in the period in which they arise.

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of income (loss) and comprehensive income (loss). Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Financial liabilities at amortized cost - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

Impairment of financial assets

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets.

IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial Assets and Liabilities	New classification and measurement IFRS 9
Cash	FVTPL
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

The Company has adopted the following accounting standards effective August 1, 2019:

IFRS 16 Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The standard is applicable to annual periods beginning on or after January 1, 2019.

Adoption of this standard did not have an impact on the Company's financial statement presentation.

4. INVESTMENTS

Investments consist of common shares of Osisko Gold Royalties Ltd. ("Osisko") (formerly "Barkerville Gold Mines Ltd.")

	January 31, 2021		July 31, 2020	
	Number of shares	Quoted market price	Number of shares	Quoted market price
Osisko	487	\$6,955	487	\$7,641

During the year ended July 31, 2020, Barkerville Gold Mines Ltd. ("Barkerville") was acquired by Osisko and resulted in an exchange of 0.0357 of a common share of Osisko for each common share of Barkerville. As a result, the Company exchanged 13,633 common shares of Barkerville for 487 common shares of Osisko. During period ended January 31, 2021 the Company recognized a net unrealized loss of \$686 (2020 – \$1,321).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
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5. EXPLORATION AND EVALUATION ASSETS

NewMétal Property

On June 9, 2019, the Company entered into an agreement to acquire a 100% interest in the NewMétal Property in consideration of a cash payment of \$105,000, which was settled with common shares in the May 2020 private placement.

The property is subject to a 1% Net Smelter Royalty (“NSR”).

2nd Stage Expansion

On June 1, 2020, the Company expanded the property by acquiring a 100% interest in additional claims through the common share issuance schedule as follows:

- i) 4,500,000 common shares (issued and valued at \$4,950,000) for the first 50% interest (Note 7).
- ii) 4,500,000 common shares (issued and valued at \$8,685,000) to acquire the remaining 50% interest (Note 7).

The expanded property is subject to a 3% NSR, of which 1% can be repurchased for \$1,000,000 at any time prior to commercial production.

In connection with the acquisition, the Company issued 450,000 common shares valued at \$495,000 as finder’s fees (Note 7).

Normetal/Normetmar Property, Rousseau Property and Turgeon Lake Property

On August 3, 2020, the Company expanded the property by acquiring a 100% in the properties, Normetal/Normetmar Property, Rousseau Property, and Turgeon Lake Property, in consideration of the following:

- i) \$50,000 cash payment and 1,200,000 common shares issuance upon execution (paid and issued)
- ii) \$50,000 cash payment at 6-month anniversary (\$30,000 paid).
- iii) \$50,000 cash payment at one-year anniversary.

These properties are subject to a 2.5% Gross Metal Royalty, of which 1% can be repurchased for \$1,500,000 at any time prior to commercial production

The Company capitalized its acquisition costs as follows:

July 31, 2019	\$	-
Common shares		5,555,000
July 31, 2020		5,550,000
Cash		80,000
Common shares		11,157,000
January 31, 2021	\$	16,787,000

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
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(Unaudited – Prepared by Management)

5. EXPLORATION AND EVALUATION ASSETS (continued)

NewMétal Property (continued)

The Company incurred and expensed current exploration as follows:

	During the period ended January 31, 2021	
Consulting fees	\$	52,834
Assaying		62,032
Field work		52,928
Drilling		16,734
	\$	184,528

	During the year ended July 31, 2020	
Consulting fees	\$	30,000

El Toro Property

The Company holds a 100% interest in the El Toro property located in the Omineca Mining Division of British Columbia with historical acquisition costs of \$243,649.

During the year ended July 31, 2019, the Company abandoned the property and wrote-off the exploration and evaluation assets of \$243,649.

During the year ended July 31, 2020, the Company received \$44,006 (2019 - \$Nil) of BC Mining Tax Credits from expenditures incurred in prior years.

6. LOAN

At January 31, 2021, a loan is outstanding for \$Nil (July 31, 2020 - \$Nil). Principal of \$20,125 was received on February 5, 2018, originally for a private placement that did not complete. The loan had no fixed repayment date and simple interest at 5.00% has been applied. During the year ended July 31, 2020, the loan was repaid in full and \$1,412 in interest expense was written off.

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

7. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Issued:

During the period ended January 31, 2021, the Company:

- i) closed a private placement of 740,000 flow-through units at \$1.50 per unit for gross proceeds of \$1,110,000 of which \$10,000 was received during the year ended July 31, 2020. Each unit is comprised of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to acquire an additional common share of the Company at a price of \$2.00 per share until February 7, 2022. The Company paid a finder's fee of \$66,600, of which \$3,015 was paid during year ended July 31, 2020, and 44,400 finder's warrants. Each finder's warrant will entitle the holder to acquire an additional common share of the Company at a price of \$2.00 per share until February 7, 2022.
- ii) issued 1,200,000 common shares valued at \$2,472,000 pursuant to the acquisition of NewMétal Property (Note 5).
- iii) closed a private placement of 1,325,000 flow-through units at \$2.00 per unit for gross proceeds of \$2,650,000. Each unit is comprised of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to acquire an additional common share of the Company at a price of \$2.50 per share until May 12, 2022. The Company paid a finder's fee of 6% cash and 79,500 finder's warrants. Each finder's warrant will entitle the holder to acquire an additional common share of the Company at a price of \$2.50 per share until May 12, 2022.
- iv) issued 50,000 common shares pursuant to exercise of warrants for proceeds of \$37,500.
- v) issued 4,500,000 common shares valued at \$8,685,000 pursuant to acquire the remaining 50% interest of NewMétal Property (Note 5).

During the year ended July 31, 2020, the Company:

- i) closed a non-brokered private placement of 1,496,701 units at a price of \$0.30 per unit for gross proceeds of \$449,010, of which \$50,000 has not been collected and is recorded as subscription receivable. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to acquire one additional common share of the Company at a price of \$0.75 per share until March 17, 2022. The Company paid share issuance costs of \$23,940 in cash.
- ii) closed a non-brokered private placement of 1,833,335 units at a price of \$0.30 per unit for gross proceeds of \$550,001 of which \$75,000 of amounts payable was settled as part of the private placement. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to acquire one additional common share of the Company at a price of \$0.75 per share until May 22, 2022. The Company paid a finder's fee of \$8,100 and 17,000 finder's units. Each finder's unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to acquire one additional common share of the Company at a price of \$0.75 per share until May 22, 2022.
- iii) issued 4,950,000 common shares valued at \$5,445,000 pursuant to the acquisition of NewMétal Property (Note 5).

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

7. SHARE CAPITAL (continued)

Stock options - The Company has a rolling stock option plan (the “Plan”) that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company’s shares at the date of grant, subject to a minimum exercise price of \$0.10 per share. Options granted under the Plan will have a term not to exceed ten years and be subject to vesting provisions as determined by the board of directors of the Company.

On June 1, 2020, the Company granted 405,105 incentive stock options exercisable at a price of \$0.70 until June 1, 2025. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of \$281,147 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.70; ii) expected share price volatility of 235%; iii) risk free interest rate of 0.39%; iv) no dividend yield, v) expected life of 5 years and vi) fully vested on grant.

On April 18, 2019, the Company granted 1,900,000 incentive stock options exercisable at a price of \$0.16 until April 17, 2024. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of \$304,000 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.16; ii) expected share price volatility of 183%; iii) risk free interest rate of 1.61%; iv) no dividend yield, v) expected life of 5 years and vi) fully vested on grant.

On August 13, 2020, the Company granted 550,000 incentive stock options exercisable at a price of \$1.60 until August 12, 2025. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of \$968,000 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$1.60; ii) expected share price volatility of 200%; iii) risk free interest rate of 0.43%; iv) no dividend yield, v) expected life of 5 years and vi) fully vested on grant.

On November 26, 2020, the Company granted 273,500 incentive stock options exercisable at a price of \$1.95 until November 26, 2025. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of \$434,865 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$1.95; ii) expected share price volatility of 120%; iii) risk free interest rate of 0.44%; iv) no dividend yield, v) expected life of 5 years and vi) fully vested on grant.

The following is a summary of the changes in stock options:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding and exercisable at July 31 2019	1,900,000	\$ 0.16
Options granted	405,105	0.70
Outstanding and exercisable at July 31 2020	2,305,105	0.25
Options granted	823,500	1.72
Outstanding and exercisable at January 31, 2021	3,128,605	\$ 0.64

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

7. **SHARE CAPITAL** (continued)

Options (continued)

As at January 31, 2021 the following stock options were outstanding and exercisable:

NUMBER OF OPTIONS OUTSTANDING	NUMBER OF OPTIONS EXERCISABLE	EXERCISE PRICES	EXPIRY DATES
1,900,000	1,900,000	\$ 0.16	April 17, 2024
405,105	405,105	\$ 0.70	June 1, 2025
550,000	550,000	\$ 1.60	August 12, 2025
273,500	273,500	\$ 1.95	November 26, 2025
3,128,605	3,128,605		

As at January 31, 2021, the weighted average remaining contractual life of the stock options was 3.73 years (July 31, 2020 – 3.91 years) and the weighted average exercise price was \$0.64 (July 31, 2020 – \$0.25).

Reserve - The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. For those options that expired, the recorded value remains in reserve.

Warrants

The following is a summary of the changes in warrants:

	NUMBER OF WARANTS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at July 31, 2019	3,347,036	0.75
Warrants granted	-	
Outstanding at July 31, 2020	3,347,036	0.75
Warrants exercised	(50,000)	0.75
Warrants granted	1,156,399	2.32
Outstanding at January 31, 2021	4,453,435	\$ 1.16

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

7. SHARE CAPITAL (continued)

Warrants (continued)

As at January 31, 2021 the following warrants were outstanding and exercisable:

NUMBER OF WARRANTS OUTSTANDING	EXERCISE PRICES	EXPIRY DATES
1,496,701	\$ 0.75	March 17, 2022
1,800,335	\$ 0.75	May 22, 2022
414,399	\$ 2.00	February 7, 2022
742,000	\$ 2.50	May 12, 2022
4,453,435		

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities, loan and amounts due to related party. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments. Cash and investments are valued at a level 1 fair value measurement.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the year.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution. There is nominal risk associated with receivables as this is due primarily from a government agency.

Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of January 31, 2021. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms. The Company is exposed to liquidity risk.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

d) Market risk

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. Some of these investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.

9. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

The Company entered into the following transactions with related parties. All related party transactions were measured at the amount of consideration established and agreed to by the related parties.

During the period ended January 31, 2021, the Company:

- a) paid or accrued \$118,423 (2020 - \$Nil) in management fees to the CEO of the Company.
- b) paid or accrued \$18,000 (2020 - \$Nil) in management fees to a company controlled by the CFO of the Company.
- c) paid or accrued \$22,800 (2020 - \$8,000) in professional fees to a company controlled by the CFO of the Company.
- d) Granted 115,000 (2020 - Nil) options that resulted in share based compensation of \$199,850 (2019 - \$Nil).

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

9. RELATED PARTY TRANSACTIONS (continued)

The amounts due to other related parties and key management personnel are as follows:

	January 31, 2021	July 31, 2020
Due to a company controlled by the CFO and director	\$ 39,455	\$ 20,230

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

The amounts due from other related parties and key management personnel included in prepaid expenses are as follows:

	January 31, 2021	July 31, 2020
Due from the Chief Executive Officer	\$ 21,951	\$ 32,611

10. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity (deficiency). Capital requirements are driven by the Company's exploration activities on its exploration and evaluation assets. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget all exploration projects and overhead to manage costs, commitments and exploration activities.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period.

11. SEGMENTED INFORMATION

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expense, whose operating results are reviewed regularly by the Company's chief operating decision maker, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition and exploration of mineral properties, all of which occurs within Canada.