



**OUTBACK GOLDFIELDS CORP.**  
(Formerly Skarb Exploration Corp.)

**UNAUDITED CONDENSED CONSOLIDATED  
INTERIM  
FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE-MONTHS ENDED**

***MARCH 31, 2021 and 2020***

(Expressed in Canadian Dollars)

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**OUTBACK GOLDFIELDS CORP.****Condensed Consolidated Interim Statement of Financial Position**

(Unaudited - Expressed in Canadian Dollars)

|  | Note | March 31,<br>2021    | June 30,<br>2020  |
|--|------|----------------------|-------------------|
| <b>ASSETS</b>                            |      |                      |                   |
| Current                                  |      |                      |                   |
| Cash                                     |      | \$ 8,533,875         | \$ 130,980        |
| Accounts receivable                      |      | \$ 103,294           | \$ 3,764          |
| Prepays                                  |      | \$ 769,852           | \$ 6,090          |
|  |      | \$ 9,407,021         | \$ 140,834        |
| Non-Current                              |      |                      |                   |
| Equipment                                |      | \$ 26,156            | -                 |
| Exploration & evaluation assets          | 7    | \$ 21,078,864        | \$ 7,656          |
| <b>TOTAL ASSETS</b>                      |      | <b>\$ 30,512,041</b> | <b>\$ 148,490</b> |
| <b>LIABILITIES</b>                       |      |                      |                   |
| Current                                  |      |                      |                   |
| Accounts payable and accrued liabilities |      | \$ 540,997           | \$ 13,274         |
| Promissory notes                         | 8    | \$ 13,500            | \$ 27,000         |
| <b>TOTAL LIABILITIES</b>                 |      | <b>\$ 554,497</b>    | <b>\$ 40,274</b>  |
| <b>EQUITY</b>                            |      |                      |                   |
| Share capital                            | 9    | \$ 31,259,203        | \$ 528,150        |
| Contribution surplus                     | 9    | \$ 1,219,138         | \$ 148,433        |
| Deficit                                  |      | \$ (2,520,797)       | \$ (568,367)      |
| <b>TOTAL EQUITY</b>                      |      | <b>\$ 29,957,544</b> | <b>\$ 108,216</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>      |      | <b>\$ 30,512,041</b> | <b>\$ 148,490</b> |

Nature of operations and going concern (Note 1)

These condensed interim financial statements were authorized for issue by the Board of Directors on May 26, 2021

*/s/ "Craig Parry"***CRAIG PARRY, Chairman***/s/ "Ota Hally"***OTA HALLY, Chief Financial Officer**

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

**OUTBACK GOLDFIELDS CORP.****Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

For the three and Nine-months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

|  | Notes | For the three-months ended |                     | For the nine-months ended |                     |
|--|-------|----------------------------|---------------------|---------------------------|---------------------|
|  |       | March 31,<br>2021          | March 31,<br>2020   | March 31,<br>2021         | March 31,<br>2020   |
| <b>Expenses</b>                                      |       |                            |                     |                           |                     |
| Accounting and Legal                                 |       | \$ 49,461                  | \$ 4,650            | \$ 124,400                | \$ 10,079           |
| Office and administrative                            |       | \$ 60,792                  | 2,831               | \$ 76,124                 | \$ 9,774            |
| Management and professional fees                     |       | \$ 255,672                 | -                   | \$ 522,261                | -                   |
| Marketing and Investor services                      |       | \$ 166,763                 | -                   | \$ 237,697                | \$ 242              |
| Exploration Cost's Write-Off                         |       | -                          | \$ 116,362          | -                         | \$ 116,362          |
| Share-based compensation                             |       | \$ 291,634                 | -                   | \$ 951,032                | \$ 137,689          |
| Transfer agent, listing and filing fees              |       | \$ 43,774                  | \$ 3,563            | \$ 63,383                 | \$ 15,868           |
| <b>Total Expenses</b>                                |       | <b>\$ 868,096</b>          | <b>\$ 127,406</b>   | <b>1,974,897</b>          | <b>\$ 290,014</b>   |
| <b>Other Income</b>                                  |       |                            |                     |                           |                     |
| Interest income                                      |       | \$ 12,552                  | -                   | \$ 17,342                 | -                   |
| Foreign exchange gain (loss)                         |       | \$ 7,545                   | -                   | \$ 5,125                  | -                   |
| <b>Total Other Income</b>                            |       | <b>\$ 20,097</b>           | <b>-</b>            | <b>\$ 22,467</b>          | <b>\$ -</b>         |
| <b>Loss and comprehensive loss</b>                   |       | <b>\$ (847,999)</b>        | <b>\$ (127,406)</b> | <b>\$ (1,952,430)</b>     | <b>\$ (290,014)</b> |
| Loss per common share – basic and diluted            |       | \$ (0.01)                  | \$ (0.02)           | \$ (0.07)                 | \$ (0.05)           |
| Weighted average number of common shares outstanding |       | <b>58,370,500</b>          | 5,883,833           | <b>28,238,901</b>         | 5,883,833           |

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

**OUTBACK GOLDFIELDS CORP.**

**Condensed Consolidated Interim Statements of Changes in Equity**

For the three and Nine-months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

|  | Note     | Common Shares     | Share Capital        | Option Reserve      | Warrant Reserve   | Contributed surplus   | Deficit              | Total |
|--|----------|-------------------|----------------------|---------------------|-------------------|-----------------------|----------------------|-------|
| <b>Balance as at June 30, 2019</b>               |          | <b>5,883,833</b>  | <b>\$ 528,150</b>    | <b>\$ 8,544</b>     | <b>\$ -</b>       | <b>\$ (257,529)</b>   | <b>\$ 279,165</b>    |       |
| Share-based compensation                         |          | -                 | -                    | \$ 137,689          | -                 | -                     | \$ 137,689           |       |
| Net Loss for the period                          |          | -                 | -                    | -                   | -                 | \$ (290,014)          | \$ (290,014)         |       |
| <b>Balance as at March 31, 2020</b>              |          | <b>5,883,833</b>  | <b>\$ 528,150</b>    | <b>\$ 146,233</b>   | <b>\$ -</b>       | <b>\$ (547,543)</b>   | <b>\$ 126,840</b>    |       |
| Share-based compensation                         |          | -                 | -                    | \$ 2,200            | -                 | -                     | \$ 2,200             |       |
| Net Loss for the period                          |          | -                 | -                    | -                   | -                 | \$ (20,824)           | \$ (20,824)          |       |
| <b>Balance as at June 30, 2020</b>               |          | <b>5,883,833</b>  | <b>\$ 528,150</b>    | <b>\$ 148,433</b>   | <b>\$ -</b>       | <b>\$ (568,367)</b>   | <b>\$ 108,216</b>    |       |
| Issuance of shares September 2020                |          | 6,667             | \$ 2,000             | -                   | -                 | -                     | \$ 2,000             |       |
| Issuance of units for private placement @ \$0.60 |          | 19,010,000        | \$ 11,406,000        | -                   | -                 | -                     | \$ 11,406,000        |       |
| Subscription costs for private placement         |          | -                 | \$ (598,274)         | -                   | -                 | -                     | \$ (598,274)         |       |
| Broker warrants related to private placement     |          | -                 | \$ (155,055)         | -                   | \$ 155,055        | -                     | \$ -                 |       |
| Stock options exercised                          |          | 136,667           | \$ 76,382            | \$ (35,382)         | -                 | -                     | \$ 41,000            |       |
| Share-based compensation                         |          | -                 | -                    | \$ 951,032          | -                 | -                     | \$ 951,032           |       |
| Shares issued for Victorian gold projects        | <b>5</b> | 33,333,333        | \$ 20,000,000        | -                   | -                 | -                     | \$ 20,000,000        |       |
| Net Loss for the period                          |          | -                 | -                    | -                   | -                 | \$ (1,952,430)        | \$ (1,952,430)       |       |
| <b>Balance as at March 31, 2021</b>              |          | <b>58,370,500</b> | <b>\$ 31,259,203</b> | <b>\$ 1,064,083</b> | <b>\$ 155,055</b> | <b>\$ (2,520,797)</b> | <b>\$ 29,957,544</b> |       |

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

**OUTBACK GOLDFIELDS CORP.****Condensed Consolidated Interim Statements of Cash Flow**

For the three and Nine-months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

|  | Note | For the three-months ended |                   | For the nine-months ended |                   |
|--|------|----------------------------|-------------------|---------------------------|-------------------|
|  |      | March 31,<br>2021          | March 31,<br>2020 | March 31,<br>2021         | March 31,<br>2020 |
| <b>Cash flows from (used in) operating activities</b>                            |      |                            |                   |                           |                   |
| Net loss for the period  |      | \$ (847,999)               | \$ (127,406)      | \$ (1,952,430)            | \$ (290,014)      |
| Adjustments for items that do not represent changes in cash and cash equivalents |      | -                          | -                 | -                         | -                 |
| Stock Based Compensation   | 9(c) | \$ 291,634                 | -                 | \$ 951,032                | \$ 137,689        |
| Amortization   |      | \$ 743                     | -                 | \$ 743                    | -                 |
| Write off of Exploration Asset   |      | -                          | \$ 116,362        | -                         | \$ 116,362        |
| Changes in non-cash working capital  |      | -                          | -                 | -                         | -                 |
| Amounts receivable   |      | \$ (65,300)                | \$ (697)          | \$ (99,530)               | \$ (2,472)        |
| Prepays  |      | \$ (447,340)               | \$ (8,070)        | \$ (763,762)              | \$ 6,330          |
| Accounts payable and accrued liabilities   |      | \$ 48,920                  | \$ 7,082          | \$ 527,723                | \$ (20,824)       |
| Net cash (used) in operating activities  |      | \$ (1,019,342)             | \$ (12,729)       | \$ (1,336,224)            | \$ (52,929)       |
| <b>Cash flows from investing activities</b>                                      |      |                            |                   |                           |                   |
| Additions of exploration and evaluation asset                                    | 7    | \$ (257,817)               | \$ (3,000)        | \$ (676,841)              | \$ (19,310)       |
| Acquisition cost MP  |      | \$ (394,367)               | \$ -              | \$ (394,367)              | -                 |
| Loan repayment   |      | \$ (13,500)                | \$ -              | \$ (13,500)               | -                 |
| Acquisition of equipment   |      | \$ (26,899)                | \$ -              | \$ (26,899)               | -                 |
| Net cash (used) in investing activities  |      | \$ (692,583)               | \$ (3,000)        | \$ (1,111,607)            | \$ (19,310)       |
| <b>Cash flows from financing activities</b>                                      |      |                            |                   |                           |                   |
| Issuance of common shares and warrants   |      | \$ -                       | \$ -              | \$ 11,408,000             | -                 |
| Share issuance cost  |      | -                          | -                 | \$ (598,274)              | -                 |
| Shares issued for option exercises   |      | -                          | -                 | \$ 41,000                 | -                 |
| Net cash provided by financing activities  |      | \$ -                       | \$ -              | \$ 10,850,726             | \$ -              |
| <b>Change in cash</b>  |      | \$ (1,711,924)             | \$ (15,729)       | \$ 8,402,895              | \$ (72,239)       |
| Cash, beginning of period  |      | \$ 10,245,799              | \$ 158,361        | \$ 130,980                | \$ 214,871        |
| <b>Cash, end of period</b>   |      | \$ 8,533,875               | \$ 142,632        | \$ 8,533,875              | \$ 142,632        |

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

## **OUTBACK GOLDFIELDS CORP.**

### **Notes to Condensed Consolidated Interim Financial Statements**

For the nine-months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

##### **Nature of Operations**

Outback Goldfields Corp., formerly Skarb Exploration Corp., (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on March 6, 2018. In December 2020, the Company moved its jurisdiction of incorporation to British Columbia and completed the process in January 2021. The Company's head office is located at Suite 700 – 1090 West Georgia St., Vancouver, British Columbia. The Company's principal business activities include the acquisition and exploration of mineral property assets.

On December 15, 2020, the Company acquired certain gold projects located in Victoria, Australia including an exploration license for the Yeungroon Gold Project, and a right, title and interest in a mining joint venture agreement for the Glenfine Gold Project. In addition, three exploration license applications were acquired for the Silver Spoon Orogenic Gold Project, an additional part of the Yeungroon Gold Project and the Ballarat West Gold project as part of the acquisition (Note 5). In December 2020, along with changing its name to Outback Goldfields Corp., the Company's trading symbol on the Canadian Securities Exchange was changed to "OZ" and the company completed a 3 for 1 security consolidation.

The Company's common shares were first listed on the Canadian Securities Exchange under the symbol "SKRB" on February 13, 2019. Since October 2019, the Company has held 100% interests in the Gossan and SBS properties, located in the Spences Gold Belt in British Columbia. The Company terminated its option agreement to acquire the RDR Project in Quebec, its original qualifying property, on March 24, 2020. In the quarter ended March 31, 2021 the Company began trading on the Frankfurt exchange under the symbol S600 and the OTCQB under the symbol OZBKF.

The company structure is comprised of the parent company Outback Goldfields Corp. and its sole 100% owned subsidiary Outback Goldfields Australia Pty Ltd incorporated in Australia.

##### **Going Concern**

These interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at March 31, 2021, the Company had working capital of \$8,852,524 and incurred accumulated losses of \$2,520,797. The Company expects to incur further losses in the development of its business but is sufficiently funded to execute its business plans for at least the next 12 months. In order to continue as a going concern the Company will be dependent upon its ability to develop the business further, generate future profitable operations and/or obtain additional financing.

##### **COVID-19**

The COVID-19 global pandemic has adversely affected the global economy. The Company's business travel has been restricted and various business operations including permitting processes and exploration mobilization has seen delays. The pandemic may impact the ability to raise funds in the future due to unforeseen circumstances including market volatility and investor apprehension. As of March 31, 2021, the pandemic has not had a material impact on the Company however due to ongoing focus by management on the situation and taking measures to mitigate the effects.

#### **2. BASIS OF PREPARATION**

##### **a) Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards

## **OUTBACK GOLDFIELDS CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

For the nine-months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

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#### **2. BASIS OF PREPARATION (continued)**

("IFRS"). These condensed consolidated interim financial statements do not include all of the disclosure required for annual financial statements.

##### **b) Basis of Measurement**

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The condensed consolidated interim financial statements are presented in Canadian dollars (CAD) unless otherwise stated.

##### **c) Consolidation of group accounts**

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary Outback Goldfields Australia ("Outback Australia"), incorporated in Australia in November 2020, just prior to acquiring the Victorian Gold Projects. Outback Australia has a functional currency of Canadian Dollars. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

##### **d) Security consolidation (3 old shares for 1 new share)**

On December 11, 2020, the outstanding securities of the Company were consolidated at 3:1. All outstanding shares, options and warrants were adjusted with a 3:1 consolidation ratio, as well adjusting any and all strike prices by the same ratio. All information and amounts in these financial statements reflect retrospective treatment of the consolidation unless specifically identified and described as such.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The Company's accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's audited financial statements for the year ended June 30, 2020. The condensed consolidated interim financial statements should be read in conjunction with these most recent annual financial statements.

#### **4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These interim financial statements include estimates which, by their nature, are uncertain.

The impacts of such estimates are pervasive throughout the interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, 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:

## **OUTBACK GOLDFIELDS CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

For the nine-months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

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#### **4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS** (continued)

- i. the consideration of whether impairment indicators exist for exploration and evaluation assets;
- ii. allocation of consideration paid to acquired mineral properties;
- iii. assumptions and expectations utilized in the calculation of stock-based compensation expense which includes the valuation of stock options;
- iv. the determination of tax losses as currently not probable to be utilized against future taxable profit;  
and
- v. the determination of share value attributed to issuances of shares for mineral properties.

#### **5. ACQUISITION OF VICTORIAN GOLD PROJECTS**

On December 15, 2020, the Company closed the acquisition of the Victorian Gold Projects (the "transaction") pursuant to the terms of an asset purchase agreement. The Company acquired, from Petratherm Ltd. ("Petratherm" – ASX listed symbol PTR), one exploration license, three exploration license applications and the right, title and interest in a mining and joint venture agreement by issuing 33,333,333 common shares ("Payment Shares") of the Company.

Petratherm distributed the Payment Shares to its shareholders on a pro rata, in-specie basis by way of dividend, reduction of stated capital, or other type of distribution on April 19, 2021 pursuant to the asset purchase agreement following a 125 day hold during which the shares were held in trust for Petratherm's shareholders. As such, there is no change of control of, or significance influence over the Company as the distributed shares of Outback are widely held.

The transaction was accounted for as an asset purchase of mineral property interests as it did not meet the definition of a business combination under IFRS 3. The fair value of the consideration has been valued at \$20,000,000 or \$0.60 per share, which was consistent with the value received for the private placement shares issued which closed on November 17, 2020 (Note 6) and constitutes a material non-cash transaction. The entire value of consideration transferred has been allocated to Exploration and Evaluation Assets (Note 7) on the balance sheet. The total transaction costs related to this acquisition for the three and nine months ended March 31, 2021 was \$394,367 and are capitalized to Exploration and Evaluation Assets.

#### **6. PRIVATE PLACEMENT**

On November 17, 2020, before the 3 for 1 security consolidation in Note 9, the Company closed a non-brokered private placement by issuing 57,030,000 units, with each unit consisting of one share and one-half of a warrant at \$0.20 per unit for gross proceeds of \$11,406,000. The warrants were valued at \$NIL per warrant, a residual amount, as required under IFRS.

Following the 3 for 1 consolidation, the \$0.50 exercise price of the warrants became \$1.50 and the warrants issued became 9,505,000. Each full warrant entitles the holder to acquire one common share for a period of two years (expiry November 16, 2022), subject to an accelerated expiry if the volume weighted average trading price of the Company's shares is greater than \$2.25 per share for a period of 10 consecutive trading days (the "Acceleration Event"). The Company may give notice to the holders of the Acceleration Event and the warrants will expire 30 days thereafter if unexercised.

Finder's fees and other subscription costs of \$598,274 cash and 2,538,450 pre-3-for-1 consolidation broker warrants with an exercise price of \$0.50, expiring on November 16, 2022 (Note 9d) were issued in connection with the private placement. Following the consolidation, this warrant count became 846,150 with a strike price of \$1.50. The cash transaction fees were treated as share issuance costs in share capital.



**OUTBACK GOLDFIELDS CORP.****Notes to the Condensed Consolidated Interim Financial Statements**

For the nine-months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**7. EXPLORATION AND EVALUATION ASSETS**

During the period ended March 31, 2021, the Company acquired four mineral exploration projects (Victorian Gold Projects) in the Fosterville Gold District in the state of Victoria, Australia, as described in Note 5, for consideration of \$20,000,000 by way of issuance of 33,333,333 common shares and incurred \$394,367 in transaction related fees.

The Company determined that the \$0.60 per share valuation of the Private Placement Units was the best indicator of fair value for the Payment Shares issued for these assets. The following allocation of the consideration paid is preliminary.

|  | As at March 31,<br>2021<br>\$ | As at June 30,<br>2020<br>\$ |
|--|-------------------------------|------------------------------|
| <b>Gossan &amp; SBS properties:</b>              |                               |                              |
| Balance forward                                  | 7,656                         | -                            |
| Acquisition Costs                                | -                             | 4,048                        |
| Exploration Costs                                | -                             | 3,608                        |
| Ending balance                                   | <u>7,656</u>                  | <u>7,656</u>                 |
| <b>Glenfine property:</b>                        |                               |                              |
| Balance forward                                  | -                             | -                            |
| Acquisition Costs                                | 5,737,122                     | -                            |
| Exploration Costs                                | 549,248                       | -                            |
| Ending balance                                   | <u>6,286,370</u>              | <u>-</u>                     |
| <b>Yeungroon property:</b>                       |                               |                              |
| Balance forward                                  | -                             | -                            |
| Acquisition Costs                                | 8,562,257                     | -                            |
| Exploration Costs                                | 95,826                        | -                            |
| Ending balance                                   | <u>8,658,083</u>              | <u>-</u>                     |
| <b>Silver Spoon property:</b>                    |                               |                              |
| Balance forward                                  | -                             | -                            |
| Acquisition Costs                                | 3,057,949                     | -                            |
| Exploration Costs                                | 17,049                        | -                            |
| Ending balance                                   | <u>3,074,998</u>              | <u>-</u>                     |
| <b>Ballarat West property:</b>                   |                               |                              |
| Balance forward                                  | -                             | -                            |
| Acquisition Costs                                | 3,037,039                     | -                            |
| Exploration Costs                                | 14,718                        | -                            |
| Ending balance                                   | <u>3,051,757</u>              | <u>-</u>                     |
| <b>Total exploration &amp; evaluation assets</b> | <u>21,078,864</u>             | <u>7,656</u>                 |

## OUTBACK GOLDFIELDS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

For the nine-months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

#### 7. EXPLORATION AND EVALUATION ASSETS (continued)

Total capitalized exploration costs in the applicable periods are as follows:

|                         | As at March 31,<br>2021<br>\$ | As at June 30,<br>2020<br>\$ |
|-------------------------|-------------------------------|------------------------------|
| Chemical analysis       | 2,121                         | -                            |
| Drilling and trenching  | 471,289                       | -                            |
| Geological consulting   | 73,281                        | 3,608                        |
| Geophysical surveys     | 12,442                        | -                            |
| GIS and data management | 73,077                        | -                            |
| Material and supplies   | 19,768                        | -                            |
| Project Management      | 21,670                        | -                            |
| Recording and filing    | 1,287                         | -                            |
| Travel                  | 1,906                         | -                            |
| <b>Total</b>            | <b>\$ 676,841</b>             | <b>\$ 3,608</b>              |

For the year ended June 30, 2020, \$3,608 was spent for exploration of the Gossan and SBS properties.

In the nine months ended March 31, 2021, \$676,841 was incurred at the Victorian Gold Projects only.

The Gossan and SBS properties are in the vicinity of Princeton, British Columbia. The Company acquired 100% interest and was only required to pay the staking claim fees. The Company is evaluating options and future plans for these properties.

#### 8. PROMISSORY NOTES

On December 10, 2018, the Company repurchased common shares from related parties in exchange for the issuance of two promissory notes. Each promissory note has a principal amount equal to \$13,500 (the original subscription price for the Common Shares), payable on demand with interest calculated at the rate of 3% per annum. The Company also has the right to repay any portion of the notes payable at its discretion. On November 6, 2020, the Company repaid one of the notes per its terms including accrued interest.

#### 9. SHARE CAPITAL

##### a) Authorized Capital:

Unlimited number of common shares with no par value.

##### b) Shares

Material movements in the Company's share transactions are as follows in the nine months ended March 31, 2021:

On November 17, 2020, the Company issued shares in connection with the private placement as described in Note 6.

On December 11, 2020, all shares outstanding were consolidated at a 3:1 ratio. All outstanding shares,

## OUTBACK GOLDFIELDS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

For the nine-months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

#### 9. SHARE CAPITAL (continued)

##### b) Shares (continued)

options and warrants were adjusted with a 3:1 consolidation ratio, as well adjusting all strike prices by the same ratio. All information and amounts in these financial statements reflect retrospective treatment of the consolidation unless specifically identified and described as such.

On December 15, 2020, the Company issued 33,333,333 consolidated shares in relation to the acquisition of the Victorian Gold Projects (Note 5).

##### c) Stock Options

At its AGM on November 19, 2020, the Company adopted a new revised stock option plan that allows issuance for up to 10% of its outstanding shares on a rolling basis amongst other terms of the plan. The purposes of the plan continue to be (a) support the achievement of the Company's performance objectives and (b) ensure that interests of key persons are aligned with the success of the Company. The Company implemented its original share option plan in July 2018. The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model and are amortized over their vesting period.

On October 21, 2019, the Company granted stock options with an exercise price of \$0.30 and expire 5 years from the grant date and were all vested and expensed immediately. Assumptions used to determine the fair value of the options: Expected life, 5 years; Forfeiture, NIL; Volatility, 131%, and risk-free rate, 2.13%.

On December 15, 2020, the Company issued 5,383,333 stock options. The options granted have an exercise price of \$0.60, expire in 3 years from the grant date and vest in 3 tranches over 2 years with the first 1/3 vesting immediately and the subsequent two tranches one year apart. The grant price was in line with the Private Placement share price completed in November 2020. The following were the assumptions used to determine that the fair value is \$0.37 per option: Average expected life, 3 years; Forfeiture rate, NIL; Volatility, 100%; and risk-free rate, 0.29%. The full grant value will be expensed over the vesting period.

For the three and nine months ended March 31, 2021, \$951,032 was expensed as stock compensation expense (\$137,689 for the three and nine months ended March 31, 2020).

A summary of the Company's share options is as follows:

|                             | Number of options<br>outstanding | Weighted average<br>exercise price |
|-----------------------------|----------------------------------|------------------------------------|
| As at June 30, 2019         | 58,333                           | \$ 0.30                            |
| Granted                     | 523,333                          | 0.30                               |
| As at June 30, 2020         | 581,667                          | 0.30                               |
| Exercised                   | (136,667)                        | 0.30                               |
| Granted                     | 5,383,333                        | 0.60                               |
| <b>As at March 31, 2021</b> | <b>5,828,333</b>                 | <b>\$0.58</b>                      |

## OUTBACK GOLDFIELDS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

For the nine-months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

#### 9. SHARE CAPITAL (continued)

##### c) Stock Options (continued)

The following is a summary of share options outstanding and exercisable at March 31, 2021:

| Expiry date       | Number exercisable | Number outstanding | Exercise price \$ |
|-------------------|--------------------|--------------------|-------------------|
| October 21, 2024  | 386,667            | 386,667            | 0.30              |
| July 9, 2028      | 58,333             | 58,333             | 0.30              |
| December 15, 2023 | 1,783,158          | 5,383,333          | 0.60              |
| <b>Balance</b>    | <b>2,228,158</b>   | <b>5,828,333</b>   | <b>0.58</b>       |

##### d) Warrants

The following is a summary of warrants outstanding at March 31, 2021:

| Expiry date                         | Number exercisable | Exercise Price \$ |
|-------------------------------------|--------------------|-------------------|
| November 16, 2022 – Unit Warrants   | 9,505,000          | 1.50              |
| November 16, 2022 – Broker warrants | 846,150            | 1.50              |
| <b>Balance</b>                      | <b>10,351,150</b>  | <b>1.50</b>       |

The broker warrants related to the private placement were valued using the Black Scholes valuation model due to the nature of the warrants being a compensation instrument under IFRS and were valued at \$0.06 per warrant. The following were the assumptions used in determining the fair value of the warrants: Average expected life, 2 years; Forfeiture rate, NIL; Volatility, 100%, and risk-free rate, 0.25%.

#### 10. RELATED PARTY DISCLOSURES

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

Payments to key management personnel in the three and nine months ended March 31, 2021 were made pursuant to their contracts and agreements in place and consist of cash-based payments as well stock-based compensation arising from amortization of options granted.

During the three and nine months ended March 31, 2021, no common shares were issued to related parties of the Company, but certain officers and directors of the Company participated in the private placement described in Note 6, acquiring shares of the Company.

The Company sub-leases its office space and receives shared services from an entity controlled by its Chairman. Sub-lease costs, office expenses, human resource support, and related fees of \$12,000 per month came into effect December 1, 2020 and are being incurred and paid monthly. In addition, transaction advisory fees of \$240,000 related to the Petrathern asset transaction were incurred upon closing of the transaction for services provided by this same entity and were capitalized to the cost of the properties acquired. All dealings with this entity are at fair market value for services received by the Company.

## **OUTBACK GOLDFIELDS CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

For the nine-months ended March 31, 2021

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#### **11. COMMITMENTS**

The Company's three-year Vancouver office shared space sub-lease entered into as of December 1, 2020 has an annual cost of \$144,000. The contract has an option to be terminated upon 6 months notice and the Company has determined IFRS 16 does not apply. Minimum exploration spend commitments associated with granted exploration licences at the Victorian Gold Projects are well below the cost of the exploration programs being conducted on the projects.

#### **12. CAPITAL MANAGEMENT**

The Company's capital consists of share capital, promissory notes, warrant and option reserves. The Company manages its capital structure based on the funds available to the Company, in order to support exploration. The Board of Directors does not impose quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the management of capital, the Company considers all types equity and is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

#### **13. FINANCIAL INSTRUMENTS**

##### **a) Fair Value**

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2021 because of the demand nature or short-term maturity of these instruments.

##### **b) Financial Risk Management Objectives and Policies**

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and promissory notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

###### **i) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at March 31, 2021, the Company has cash on deposit with a large Canadian bank. Management believes the risk of loss to be remote.

###### **ii) Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations under financial instruments. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As at March 31, 2021, the Company had working capital of \$8,852,524, including cash of \$8,533,875.

## **OUTBACK GOLDFIELDS CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

For the nine-months ended March 31, 2021

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#### **13. FINANCIAL INSTRUMENTS** (continued)

##### **b) Financial Risk Management Objectives and Policies** (continued)

###### **iii) Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. The Company does not expect exchange rates or interest rates to have a material impact to the Company in the foreseeable future. Commodity and equity prices however can affect the ability to raise capital in the future should that be needed.

###### **iv) Currency Risk**

The Company's operating costs are primarily in Canadian dollars and Australian dollars, therefore any fluctuations of the Canadian dollar in relation to the Australian dollar may affect the profitability and value of some assets and liabilities of the Company. Management believes that at March 31, 2021 any currency risk from foreign exchange conversion is not significant.

###### **v) Interest Rate Risk**

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates.

Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of the balance sheet date.