

# **Precipitate Gold Corp.**

## **Condensed Interim Financial Statements**

**Three months ended February 28, 2021 and February 29, 2020**

Unaudited – Expressed in Canadian Dollars

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

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

**Precipitate Gold Corp.**  
**Consolidated Statements of Financial Position**  
*Unaudited – Prepared by Management*  
*In Canadian Dollars*

<b>ASSETS</b>	<b>February 28, 2021</b>	<b>November 30, 2020</b>
<b>Current</b>		
Cash	\$ 1,290,106	\$ 1,515,722
Amounts receivable	28,186	41,506
Prepaid expenses	17,215	16,450
Investments (Note 5)	25,000	31,000
	<hr/> 1,360,507	<hr/> 1,604,678
<b>Equipment (Note 6)</b>	72,591	74,365
<b>Mineral Property Interests (Note 4)</b>	1,803,998	1,803,998
	<hr/> \$ 3,237,096	<hr/> \$ 3,483,041
<hr/>		
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 120,545	\$ 60,169
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<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 7)</b>	15,244,634	15,244,634
<b>Reserves (Note 7)</b>	3,946,794	3,485,794
<b>Deficit</b>	(16,074,877)	(15,307,556)
	<hr/> 3,116,551	<hr/> 3,422,872
	<hr/> \$ 3,237,096	<hr/> \$ 3,483,041

**Nature of Operations and Going Concern (Note 1)**

Approved by the Board of Directors:

"Jeffrey Wilson"

Jeffrey Wilson, Director

"Lon Shaver"

Lon Shaver, Director

## Precipitate Gold Corp.

### Consolidated Interim Statements of Loss and Comprehensive Loss

For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

	2021	2020
<b>Expenses</b>		
Audit and accounting (Note 9)	\$ 10,500	\$ 10,500
Depreciation (Note 6)	1,774	-
Exploration and evaluation (Note 4 and 9)	203,449	239,990
Foreign exchange loss (gain)	7,521	(179)
Insurance	2,713	1,185
Investor relations	2,629	1,380
Legal	4,356	462
Marketing, conferences and shareholder relations	4,277	46,066
Office and administrative	10,417	21,778
Property investigation costs (Note 9)	-	7,500
Rent	5,684	3,750
Salaries and wages (Note 9)	41,064	41,463
Share-based compensation (Note 7 and 9)	461,000	-
Transfer agent and filing fees	8,459	9,657
<b>Total Expenses</b>	<b>(763,843)</b>	<b>(383,552)</b>
<b>Other Income:</b>		
Interest income	2,522	4,638
Unrealized gain (loss) on investments (Note 5)	(6,000)	4,000
<b>Loss and comprehensive loss for the period</b>	<b>\$ (767,321)</b>	<b>\$ (374,914)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average shares outstanding</b>	<b>106,373,031</b>	<b>92,930,692</b>

– See Accompanying Notes –

## Precipitate Gold Corp.

### Consolidated Interim Statements of Cash Flows

For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

<b>Cash Provided By (Used In):</b>	<b>2021</b>	<b>2020</b>
<b>Operating activities:</b>		
Loss for the period	\$ (767,321)	\$ (374,914)
Items not affecting cash:		
Unrealized gain (loss) on investments	6,000	(4,000)
Share-based compensation	461,000	-
Depreciation	1,774	-
Change in non-cash working capital:		
Accounts receivable	13,320	(16,554)
Prepaid expenses	(765)	(23,703)
Accounts payable and accrued liabilities	60,376	(14,029)
	<u>(225,616)</u>	<u>(433,200)</u>
<b>Financing activities:</b>		
Exercise of options for cash	-	17,600
		<u>17,600</u>
<b>Net decrease in cash</b>	(225,616)	(415,600)
<b>Cash - beginning of period</b>	1,515,722	1,399,801
<b>Cash - end of period</b>	<u>\$ 1,290,106</u>	<u>\$ 984,201</u>
<b>Supplemental non-cash financing information:</b>		
Fair value of options exercised	\$ -	\$ 15,519

- See Accompanying Notes -

**Precipitate Gold Corp.**

**Consolidated Interim Statements of Changes in Equity**

**For the Three Months Ended February 28, 2021 and February 29, 2020**

*Unaudited – Prepared by Management*

*In Canadian Dollars*

	Share Capital		Reserves			Total \$
	Shares	Amount \$	Warrants \$	Options \$	Deficit \$	
Balance, November 30, 2019	92,867,395	13,761,398	1,749,271	1,402,447	(13,586,868)	3,326,248
Loss and comprehensive loss	-	-	-	-	(374,914)	(374,914)
Exercise of options	170,000	17,600	-	-	-	17,600
Fair value of options exercised	-	15,519	-	(15,519)	-	-
Balance, February 29, 2020	93,037,395	13,794,517	1,749,271	1,386,928	(13,961,782)	2,968,934
Loss and comprehensive loss	-	-	-	-	(1,345,774)	(1,345,774)
Private placement	12,713,636	1,398,500	-	-	-	1,398,500
Share issue costs	-	(57,588)	-	-	-	(57,588)
Exercise of options	430,000	36,400	-	-	-	36,400
Fair value of options exercised	-	29,131	-	(29,131)	-	-
Exercise of warrants	192,000	38,400	-	-	-	38,400
Fair value of warrants exercised	-	5,274	(5,274)	-	-	-
Share-based compensation	-	-	-	384,000	-	384,000
Balance, November 30, 2020	106,373,031	15,244,634	1,743,997	1,741,797	(15,307,556)	3,422,872
Loss and comprehensive loss	-	-	-	-	(767,321)	(767,321)
Share-based compensation	-	-	-	461,000	-	461,000
Balance, February 28, 2021	106,373,031	15,244,634	1,743,997	2,202,797	(16,074,877)	3,116,551

– See Accompanying Notes –

# Precipitate Gold Corp.

## Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

*Unaudited – Prepared by Management*

*In Canadian Dollars*

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### 1. Nature of Operations and Going Concern

Precipitate Gold Corp. (the “Company”) was incorporated on January 31, 2011, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and the Dominican Republic. The head office, principal address, and records office of the Company are located at 625 Howe Street, Suite 1020, Vancouver, British Columbia, V6C 2T6, Canada.

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

These consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At February 28, 2021, the Company had not achieved profitable operations, had an accumulated deficit and had working capital of \$1,239,962. Management estimates that the Company has sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, and exploration and development activities. These consolidated interim financial statements do not give effect to adjustments, which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the financial statements.

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 results of operations at this time.

### 2. Basis of Presentation

#### a) Statement of compliance

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

## **Precipitate Gold Corp.**

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

**For the Three Months Ended February 28, 2021 and February 29, 2020**

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#### **2. Basis of Presentation - Continued**

##### **b) Approval of the Financial Statements**

These consolidated condensed interim financial statements were approved and authorized for issue by the Board of Directors on April 29, 2021.

##### **c) Basis of Consolidation**

These consolidated financial statements include the financial statements of the Company and its five wholly-owned subsidiaries: 1) 0945044 BC Ltd., incorporated in British Columbia, Canada, which owns 100% of Corporacion Minera San Juan, S.R.L. located in the Dominican Republic; 2) Precipitate Gold (USA) Corp. incorporated and located in the United States; 3) Minera Pendiente S.A. de C.V., incorporated and located in Mexico, which was dissolved and liquidated subsequent to February 28, 2021; 4) Precipitate Dominicana S.R.L. located in the Dominican Republic., which owns 50% of Toro Negro Drilling S.R.L. located in the Dominican Republic; 5) 1246871 BC Ltd., incorporated in British Columbia, Canada.

##### **d) Functional and Presentation Currency**

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These consolidated interim financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency. The functional currencies of the Company's subsidiaries do not differ from that of the parent company.

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date of acquisition. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

##### **e) Significant Accounting Policies**

These unaudited condensed interim financial statements do not include all of the significant accounting policies required by IFRS for complete financial statements for year-end reporting purposes. These financial statements should be read together with the audited financial statements for the year ended November 30, 2020 which in Note 3 detail all significant accounting policies adopted by the Company.



## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

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#### 2. Basis of Presentation – Continued

##### e) Significant Accounting Policies – Continued

The Company's accounting policies have been applied consistently to all periods presented in these unaudited condensed interim financial statements.

##### f) Critical Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: recoverability and impairment of mineral properties and valuation of share-based payments.

Significant estimates that have the most significant effect on the amounts recognized in the financial statements are as follows:

##### Recoverability of capitalized mineral property costs

The Company uses the cost model and the value of the mineral property interests is based on expenditures incurred, less any recoveries or impairment. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts and circumstances exist that suggests the carrying amount exceeds the recoverable amount.

##### Share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options and of common share purchase warrants issued. The model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and common share purchase warrants. The assumptions and models used for estimating fair value of stock options and common share purchase warrants are disclosed in Note 7.

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

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#### 2. Basis of Presentation – Continued

##### f) Critical Accounting Judgments and Estimates – Continued

Information about critical judgments in applying accounting policies that have the most significant effect of amounts recognized in the consolidated financial statements is included in the following notes:

Note 1 – going concern assessment

Note 3 – functional currency

Note 4 – impairment of exploration and evaluation assets

#### 3. Recent Accounting Pronouncements

IFRS 16 *Leases* – This standard sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. It eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The Company has determined there was no impact from this new standard on the Company's consolidated financial statements.

#### 4. Mineral Properties

##### Acquisition Costs Summary

	Juan de Herrera and Escalibur Properties	Pueblo Grande and Ponton Properties	Total
Balance – November 30, 2019 and 2020	\$ 898,068	905,930	\$ 1,803,998
Acquisition costs - cash	-	-	-
Acquisition costs - shares	-	-	-
Balance – February 28, 2021	\$ 898,068	\$ 905,930	\$ 1,803,998

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

#### 4. Mineral Properties

##### Exploration and Evaluation Expenditures Summary

For the Three Months Ended February 28, 2021	Juan de Hererra and Escalibur Properties	Pueblo Grande and Artur Properties	Ponton Property	Total
Assay	\$ -	\$ -	\$ 4,181	\$ 4,181
Camp and general	-	4,031	1,527	5,558
Consulting	271	3,064	18,087	21,422
Drilling	-	-	47,482	47,482
Field equipment and supplies	-	10,822	-	10,822
Foreign sales tax	96	4,260	-	4,356
Fuel	-	3,416	44,359	47,775
Geological consulting	-	23,862	-	23,862
Legal	-	-	-	-
Maps, orthophotos, and reports	-	156	1,526	1,682
Office	460	24,447	3,312	28,219
Salaries and benefit	-	33	-	33
Transportation	-	3,987	-	3,987
Travel, meals, and accommodation	104	1,291	2,675	4,070
Total exploration and evaluation costs	\$ 931	\$ 79,369	\$ 123,149	\$ 203,449

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

#### 4. Mineral Properties – Continued

##### Exploration and Evaluation Expenditures Summary

For the Three Months Ended February 29, 2020	Juan de Hererra and Escalibur Properties	Pueblo Grande and Artur Properties	Ponton Property	Total
Assay	\$ 28,356	\$ -	\$ -	\$ 28,356
Camp and general	-	6,327	-	6,327
Consulting	-	20,258	-	20,258
Drilling	-	2,090	5,737	7,827
Field equipment and supplies	-	29,287	2,066	31,353
Foreign sales tax	1,154	8,266	-	9,420
Fuel	-	1,177	-	1,177
Geological consulting	-	88,342	10,587	98,929
Legal	-	315	-	315
Maps, orthophotos, and reports	-	1,725	-	1,725
Office	260	13,683	-	13,943
Salaries and benefit	-	522	-	522
Transportation	5,877	418	-	6,295
Travel, meals, and accommodation	-	7,053	6,490	13,543
Total exploration and evaluation costs	\$ 35,647	\$ 179,463	\$ 24,880	\$ 239,990

##### a) Juan de Hererra and Escalibur Properties, Dominican Republic

The Company, through 0945044 BC Ltd., owns a 100% interest in the Juan de Hererra concession and the Los Pinalitos concession application (previously Hato Nuevo) (“Dominican Republic properties”) in the Dominican Republic through Corporacion Minera San Juan, S.R.L. (“CMSJ”), its wholly-owned subsidiary.

The properties are subject to a 3% net smelter returns (“NSR”) royalty from any base and precious metal commercial production. The Company may acquire 50% of the NSR royalty by paying \$2,000,000.

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

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#### 4. Mineral Properties – Continued

##### b) Pueblo Grande and Artur Properties, Dominican Republic

On October 24, 2018, the Company entered into a Purchase and Sale Agreement with Everton Resources Inc. and Everton Minera Dominicana A SRL (“Everton”) to acquire a 100% interest in the Pueblo Grande property. To acquire 100% interest, the Company paid \$25,000 in cash in fiscal 2019 and issued 7,000,000 common shares valued at \$875,000 (Note 7)) of the Company subject certain resale restrictions for up to 3 years.

On January 9, 2020, The Company facilitated the sale and transfer of 4,500,000 common shares of the Company previously registered to Everton and transferred and re-registered the shares to a new shareholder group (the “Purchasers”). During the year ended November 30, 2020, the Company has removed the re-sale restrictions.

Pre-existing advanced stage or mining-related commitments to a third party include (i) a sliding scale NSR royalty ranging from 1%, where gold is under US\$1,000/oz, to 2%, where gold is over US \$1,400/oz and (ii) sum of cash or shares valued at the greater of \$5,000,000 or the value of 5,000,000 common shares based on a 20 day VWAP, in the event a resource of 1,000,000 gold equivalent ounces or greater are delineated at certain grades and in various indicated and inferred categories.

On April 13, 2020 the Company signed a definitive earn-in agreement with Barrick Gold Corporation (“Barrick”) whereby Barrick has the right to earn a 70% interest in the Company’s Pueblo Grande Project by incurring a minimum US\$10.0 million in exploration expenditures and delivering a qualifying Pre-feasibility Study prior April 13, 2026. In addition, Barrick subscribed for 12,713,636 common shares of the Company in a private placement for gross proceeds of \$1,398,500 (Note 7).

In accordance with the terms of the earn-in agreement, to acquire a 70% interest in the Project, Barrick must (the “Earn-in Conditions”):

- Incur a minimum of US\$10.0 million in qualifying exploration expenditures before April 13, 2026 as follows:
  - US\$2.0 million in aggregate before April 13, 2022, with a US\$1.0 million guaranteed minimum expenditure if Barrick elects to terminate the agreement before April 13, 2022
  - US\$3.5 million in aggregate before April 13, 2023;
  - US\$5.0 million in aggregate before April 13, 2024;
  - US\$7.0 million in aggregate before April 13, 2025; and
  - US\$10.0 million in aggregate before April 13, 2026;
- Complete a minimum of 7,500 metres of drilling before April 13, 2026; and
- Deliver a qualifying pre-feasibility study before April 13, 2026.

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

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#### 4. Mineral Properties – Continued

##### c) Pueblo Grande and Artur Properties, Dominican Republic – Continued

Shortfalls in required exploration expenditures may be paid by Barrick to Precipitate as cash in lieu. Barrick may at any time accelerate the earn-in requirements.

Upon satisfaction of the Earn-in Conditions and delivery of an exercise notice, Barrick and the Company will form a joint venture to be owned 70% by Barrick and 30% by the Company. At the Company's election, which must be made within 120 days of the approval by the joint venture of a feasibility study, Barrick will be obligated to provide the Company's portion of any debt financing or arrange for third party financing of the Company's portion of any debt financing required to construct a mine on the Project described in the Feasibility Study in consideration for the transfer by the Company to Barrick of an additional 5% interest in the joint venture. Dilution of the Company's interest in the joint venture below 10% will result in the conversion of the Company's interest to a 1.5% NSR royalty on any concessions without pre-existing NSRs as of the date hereof, and a 1.0% NSR royalty on any concessions with pre-existing NSRs as of the date hereof, applicable to all recovered products.

##### d) Ponton Property, Dominican Republic

The Ponton Property was acquired 100% as part of the October 24, 2018 purchase-sale agreement with Everton Resources Inc.

#### 5. Investments

Management has determined it appropriate to record the common shares and warrants of Golden Predator Mining Corp. ("Golden Predator") as FVTPL. The initial investment of common shares was recorded at cost and the initial investment of warrants was recorded using the Black-Scholes option pricing model. The Company revalues the common shares and warrants at each reporting period. Any changes in the fair value of the common shares and warrants is recorded as unrealized gain or loss on investments until the common shares or warrants are sold or impaired for an extended period, at which point any gains and losses recorded to date will be recognized as gain or loss on investments.

	Common shares	Warrants	Total
Balance as at November 30, 2019	\$ -	\$ 51,000	\$ 51,000
Change in fair value	-	(20,000)	(20,000)
Balance as at November 30, 2020	-	31,000	31,000
Change in fair value	-	(6,000)	(6,000)
Balance as at February 28, 2021	\$ -	\$ 25,000	\$ 25,000

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

#### 5. Investments – Continued

The fair value of the warrants was based on the Black-Scholes valuation model using the following inputs:

	Three months ended February 28, 2021	Three month ended February 29, 2020
Risk-free interest rate	0.30%	1.19%
Expected life of options	2.09 years	0.07 – 3.09 years
Expected annualized volatility	85.06%	88.51 – 97.35%
Expected dividend rate	0%	0%

#### 6. Equipment

During the year ended November 30, 2020, the Company acquired several drills and related equipment through a partnership with GoldQuest Mining Corp. (“GoldQuest”). The equipment was initially purchased for \$105,928, of which GoldQuest and the Company each paid \$52,964. An additional \$21,401 of equipment was purchased during the year ended November 30, 2020. No depreciation has been taken on the equipment during the year ended November 30, 2020 as the equipment was not in use until February 1, 2021.

	Tools and Equipment	Light Transport Vehicles	Heavy Transport Vehicles	Drilling Equipment	Total
<b>Cost</b>					
Balance, November 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisitions	16,808	22,703	2,700	32,154	74,365
Balance, November 30, 2020	16,808	22,703	2,700	32,154	74,365
Acquisitions	-	-	-	-	-
Balance, February 28, 2021	\$ 16,808	\$ 22,703	\$ 2,700	\$ 32,154	\$ 74,365
<b>Accumulated depreciation</b>					
Balance, November 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	-	-	-	-	-
Balance, November 30, 2020	-	-	-	-	-
Depreciation	207	858	102	607	1,774
Balance, February 28, 2021	\$ 207	\$ 858	\$ 102	\$ 607	\$ 1,774
<b>Carrying Value</b>					
At November 30, 2020	\$ 16,808	\$ 22,703	\$ 2,700	\$ 32,154	\$ 74,365
At February 28, 2021	\$ 16,601	\$ 21,845	\$ 2,598	\$ 31,547	\$ 72,591

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

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#### 7. Shareholders' Equity

##### a) Authorized

Unlimited number of common shares without par value

##### b) Issued Share Capital

There were no share transactions during the three months ended February 28, 2021.

Share transactions for the year ended November 30, 2020:

- (i) On April 17, 2020, the Company issued 12,713,636 common shares to Barrick as part of an Earn-In agreement (Note 4) for gross proceeds of \$1,398,500.
- (ii) During the year ended November 30, 2020, 600,000 common shares were issued from the exercise of stock options for gross proceeds of \$54,000.
- (iii) During the year ended November 30, 2020, 192,000 common shares were issued from the exercise of warrants for gross proceeds of \$38,400.

##### c) Warrants

Details of warrant activity for the three months ended February 28, 2021 and the year ended November 30, 2020 are as follows:

November 30, 2019	Exercised	November 30, 2020 and February 28, 2021	Exercise Price	Expiry Date
5,187,610	(192,000)	4,995,610	\$0.20	November 6, 2021

##### d) Share Options

The Company has a rolling share option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's shares calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's share option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule at its discretion.



## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

In Canadian Dollars

#### 6. Shareholders' Equity – Continued

##### d) Share Options – Continued

Details of activity in share purchase options for three months ended February 28, 2021 and the year ended November 30, 2020 are as follows:

November 30, 2020	Issued	Exercised	Cancelled	February 28, 2021	Exercise Price	Expiry Date
1,050,000	-	-	-	1,050,000*	\$0.12	March 4, 2021
1,095,000	-	-	-	1,095,000	\$0.25	October 13, 2021
2,625,000	-	-	-	2,625,000	\$0.08	November 20, 2023
2,670,000	-	-	-	2,670,000	\$0.15	May 25, 2025
75,000	-	-	-	75,000	\$0.28	October 21, 2025
-	2,690,000	-	-	2,690,000	\$0.21	January 29, 2026
7,515,000	2,690,000	-	-	10,205,000	\$0.16	

November 30, 2019	Issued	Exercised	Cancelled	November 30, 2020	Exercise Price	Expiry Date
1,200,000	-	(150,000)	-	1,050,000	\$0.12	March 4, 2021
1,170,000	-	-	(75,000)	1,095,000	\$0.25	October 13, 2021
3,075,000	-	(450,000)	-	2,625,000	\$0.08	November 20, 2023
-	2,670,000	-	-	2,670,000	\$0.15	May 25, 2025
	125,000	-	(125,000)	-	\$0.20	July 15, 2025
	75,000	-	-	75,000	\$0.28	October 21, 2025
5,445,000	2,870,000	(600,000)	(200,000)	7,515,000	\$0.14	

\*100,000 share purchase options were exercised subsequent to February 28, 2021 and the remaining 950,000 share purchase options were expired unexercised.

#### 7. Segmented Information

##### a) Operating Segment

The Company's operations are primarily directed towards the acquisition of mineral properties and exploration for metals in Canada and the Dominican Republic.

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Three Months Ended February 28, 2021 and February 29, 2020

Unaudited – Prepared by Management

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#### 7. Segmented Information – Continued

##### b) Geographic Segments

The Company's geographic information as at February 28, 2021 and November 30, 2020 are as follows:

As at February 28, 2021	Canada	Dominican Republic	Mexico	Total
<b>Assets</b>				
Mineral properties	\$ -	\$ 1,803,998	\$ -	\$ 1,803,998
Equipment	-	72,591	-	72,591
Other assets	1,324,635	29,832	6,040	1,360,507
<b>Total</b>	<b>\$ 1,324,635</b>	<b>\$ 1,906,421</b>	<b>\$ 6,040</b>	<b>\$ 3,237,096</b>

As at November 30, 2020	Canada	Dominican Republic	Mexico	Total
<b>Assets</b>				
Mineral properties	\$ -	\$ 1,803,998	\$ -	\$ 1,803,998
Equipment	-	74,365	-	74,365
Other assets	1,579,296	18,857	6,525	1,604,678
<b>Total</b>	<b>\$ 1,579,296</b>	<b>\$ 1,897,220</b>	<b>\$ 6,525</b>	<b>\$ 3,483,041</b>

#### 8. Related Party Transactions

Key management personnel consist of directors and senior management including the President, Chief Executive Officer and Vice President of Exploration and Chief Financial Officer. Key management personnel compensation for the three months ended February 28, 2021 and February 29, 2020 includes:

	2021	2020
Salaries and wages	\$ 38,750	\$ 38,750
Geological consulting	40,500	30,000
Property investigation costs	-	7,500
Accounting expense	4,500	4,500
Share-based compensation	383,881	-
	<b>\$ 467,881</b>	<b>\$ 80,750</b>

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Three Months Ended February 28, 2021 and February 29, 2020

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#### 8. Related Party Transactions – Continued

The accounts payable and accrued liabilities of the Company as at February 28, 2021 and as at November 30, 2020 include the following amounts due to related parties:

	February 28, 2021	November 30, 2020
Key management personnel	\$ 35,875	\$ -

#### 9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements.

#### 10. Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short term maturity. Cash is measured using level 1 of the fair value hierarchy. Investment is measured using level 3 of fair value hierarchy.

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

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#### 10. Financial Instruments – Continued

##### a) Management of Risks Arising From Financial Instruments

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

###### (i) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

###### (ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. Cash is held with a major Canadian financial institution and the receivables are due from Government entities. Management is of the view that all amounts are fully collectible.

###### (iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

###### (iv) Political Risk

The Company has subsidiaries in the Dominican Republic, the United States and Mexico. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

###### (v) Foreign Currency Fluctuation Risk

The Company has vendors in Canada, the United States, the Dominican Republic and Mexico; therefore, the Company's operations are affected by the currency fluctuations in these jurisdictions. The Company's exposure to foreign currency fluctuations is minimal.