

Precipitate Gold Corp.

Condensed Interim Financial Statements

Three and Six Months Ended May 31, 2021 and 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

ASSETS	May 31, 2021	November 30, 2020
Current		
Cash	\$ 1,007,369	\$ 1,515,722
Amounts receivable	42,626	41,506
Prepaid expenses	38,152	16,450
Investments (Note 5)	21,000	31,000
	<hr/> 1,109,147	<hr/> 1,604,678
Equipment (Note 6)	67,270	74,365
Mineral Property Interests (Note 4)	1,803,998	1,803,998
	<hr/> \$ 2,980,415	<hr/> \$ 3,483,041
<hr/> LIABILITIES <hr/>		
Current		
Accounts payable and accrued liabilities (Note 10)	\$ 95,179	\$ 60,169
<hr/> SHAREHOLDERS' EQUITY <hr/>		
Share Capital (Note 7)	15,267,817	15,244,634
Reserves (Note 7)	3,935,611	3,485,794
Deficit	(16,318,192)	(15,307,556)
	<hr/> 2,885,236	<hr/> 3,422,872
	<hr/> \$ 2,980,415	<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 and Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management
In Canadian Dollars

	Three months ended May 31, 2021	Three months ended May 31, 2020	Six Months Ended May 31, 2021	Six Months Ended May 31, 2020
Expenses				
Audit and accounting (Note 9)	\$ 16,192	\$ 10,744	\$ 26,692	\$ 21,244
Consulting	-	2,284	-	2,284
Depreciation (Note 6)	5,321	-	7,095	-
Exploration and evaluation (Note 4 and 9)	148,467	77,279	351,916	317,269
Foreign exchange loss	2,926	4,014	10,447	3,835
Insurance	6,289	1,242	9,002	2,427
Investor relations	1,989	2,425	4,618	3,805
Legal	1,271	19,852	5,627	20,314
Marketing, conferences and shareholder relations	420	62,733	4,697	108,799
Office and administrative	9,233	2,423	19,650	24,201
Property investigation costs (Note 9)	-	-	-	7,500
Rent (Note 6)	4,573	7,148	10,257	10,898
Repairs and maintenance (Note 6)	-	68,304	-	68,304
Salaries and wages (Note 9)	40,756	41,834	81,820	83,297
Share-based compensation (Note 6 and 9)	-	341,000	461,000	341,000
Transfer agent and filing fees	4,402	4,283	12,861	13,940
Total expenses	(241,839)	(645,565)	(1,005,682)	(1,029,117)
Interest income	2,524	5,681	5,046	10,319
Unrealized gain (loss) on investments (Note 5)	(4,000)	14,000	(10,000)	18,000
Net loss for the period	\$ (243,315)	\$ (625,884)	\$ (1,010,636)	\$ (1,000,798)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average shares outstanding	106,469,770	99,052,449	106,421,932	96,041,165

– See Accompanying Notes –

Precipitate Gold Corp.

Consolidated Interim Statements of Cash Flows For the Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management
In Canadian Dollars

Cash Provided By (Used In):	2021	2020
Operating activities:		
Loss for the period	\$ (1,010,636)	\$ (1,000,798)
Items not affecting cash:		
Depreciation	7,095	-
Unrealized loss (gain) on investments	10,000	(18,000)
Share-based compensation	461,000	341,000
Change in non-cash working capital:		
Accounts receivable	(1,120)	(16,588)
Prepaid expenses	(21,702)	60,186
Accounts payable and accrued liabilities	35,010	(1,342)
	<u>(520,353)</u>	<u>(635,542)</u>
Financing activities:		
Proceeds from issuance of shares	-	1,398,500
Share issue costs paid	-	(57,588)
Proceeds from exercise of options	12,000	17,600
	<u>12,000</u>	<u>1,358,512</u>
Investing activities:		
Purchase of plant and equipment	<u>-</u>	<u>(59,358)</u>
Net increase (decrease) in cash	(508,353)	663,612
Cash - beginning of period	1,515,722	1,399,801
Cash - end of period	\$ 1,007,369	\$ 2,063,413

- See Accompanying Notes -

Precipitate Gold Corp.
Consolidated Interim Statements of Changes in Equity
For the Six Months Ended May 31, 2021 and 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	-	-	-	-	(1,000,798)	(1,000,798)
Private placement	12,713,636	1,398,500	-	-	-	1,398,500
Share issue costs	-	(57,588)	-	-	-	(57,588)
Exercise of options	170,000	17,600	-	-	-	17,600
Fair value of options exercised	-	15,519	-	(15,519)	-	-
Share-based compensation	-	-	-	341,000	-	341,000
Balance, May 31, 2020	105,751,031	15,135,429	1,749,271	1,727,928	(14,587,666)	4,024,962
Loss and comprehensive loss	-	-	-	-	(719,890)	(719,890)
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	-	-	-	43,000	-	43,000
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	-	-	-	-	(1,010,636)	(1,010,636)
Exercise of options	100,000	12,000	-	-	-	12,000
Fair value of options exercised	-	11,183	(11,183)	-	-	-
Share-based compensation	-	-	-	461,000	-	461,000
Balance, May 31, 2021	106,473,031	15,267,817	1,732,814	2,202,797	(16,318,192)	2,885,236

– See Accompanying Notes –

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

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 May 31, 2021, the Company had not achieved profitable operations, had an accumulated deficit and had working capital of \$1,013,968. 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 Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

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 July 28, 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; 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 Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

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 Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

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 – May 31, 2021	\$ 898,068	\$ 905,930	\$ 1,803,998

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

4. Mineral Properties

Exploration and Evaluation Expenditures Summary

For the Six Months Ended May 31, 2021	Juan de Hererra and Escalibur Properties	Pueblo Grande and Artur Properties	Ponton Property	Total
Assay	\$ -	\$ -	\$ 7,921	\$ 7,921
Camp and general	144	6,306	4,462	10,912
Consulting	271	-	36,870	37,141
Drilling	-	-	75,262	75,262
Field equipment and supplies	-	11,454	3,977	15,431
Foreign sales tax	96	4,202	-	4,298
Fuel	136	5,718	-	5,854
Geological consulting	-	31,179	84,859	116,038
Legal	-	-	7,264	7,264
Maps, orthophotos, and reports	-	410	2,326	2,736
Office	1,700	40,340	7,906	49,946
Salaries and benefit	102	1,652	-	1,754
Transportation	1,451	8,627	-	10,078
Travel, meals, and accommodation	594	2,008	4,679	7,281
Total exploration and evaluation costs	\$ 4,494	\$ 111,896	\$ 235,526	\$ 351,916

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

4. Mineral Properties – Continued

Exploration and Evaluation Expenditures Summary

For the Six Months Ended May 31, 2020	Juan de Hererra and Escalibur Properties	Pueblo Grande and Artur Properties	Ponton Property	Total
Assay	\$ 28,356	\$ -	\$ -	\$ 28,356
Camp and general	-	9,697	885	10,582
Consulting	8,395	22,518	7,866	38,779
Drilling	-	2,090	-	2,090
Field equipment and supplies	-	29,513	-	29,513
Foreign sales tax	1,398	4,262	-	5,660
Fuel	-	1,720	-	1,720
Geological consulting	3,750	113,410	17,500	134,660
Geophysics	-	-	720	720
Legal	-	325	-	325
Maps, orthophotos, and reports	499	1,912	700	3,111
Office	3,697	42,232	-	45,929
Salaries and benefit	-	1,904	-	1,904
Transportation	6,061	683	-	6,744
Travel, meals, and accommodation	-	7,176	-	7,176
Total exploration and evaluation costs	\$ 52,156	\$ 237,442	\$ 27,671	\$ 317,269

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 Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

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 Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

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	-	(10,000)	(10,000)
Balance as at May 31, 2021	\$ -	\$ 21,000	\$ 21,000

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended May 31, 2021 and 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:

	Six months ended May 31, 2021	Six months ended May 31, 2020
Risk-free interest rate	0.20%	0.28%
Expected life of options	1.84 years	0.68 – 2.84 years
Expected annualized volatility	81.52%	78.07 – 91.11%
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
Cost					
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, May 31, 2021	\$ 16,808	\$ 22,703	\$ 2,700	\$ 32,154	\$ 74,365
Accumulated depreciation					
Balance, November 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	-	-	-	-	-
Balance, November 30, 2020	-	-	-	-	-
Depreciation	828	3,430	408	2,429	7,095
Balance, May 31, 2021	\$ 828	\$ 3,430	\$ 408	\$ 2,429	\$ 7,095
Carrying Value					
At November 30, 2020	\$ 16,808	\$ 22,703	\$ 2,700	\$ 32,154	\$ 74,365
At May 31, 2021	\$ 15,980	\$ 19,273	\$ 2,292	\$ 29,725	\$ 67,270

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements For the Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management
In Canadian Dollars

7. Shareholders' Equity

a) Authorized

Unlimited number of common shares without par value

b) Issued Share Capital

Share transactions for the six months ended May 31, 2021:

- (i) During the six months ended May 31, 2021, 100,000 common shares were issued from the exercise of stock options for gross proceeds of \$12,000.

Share transactions for the year ended November 30, 2020:

- (ii) 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.
- (iii) 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.
- (iv) 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 six months ended May 31, 2021 and the year ended November 30, 2020 are as follows:

November 30, 2019	Exercised	November 30, 2020 and May 31, 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 Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

6. Shareholders' Equity – Continued

d) Share Options – Continued

Details of activity in share purchase options for six months ended May 31, 2021 and the year ended November 30, 2020 are as follows:

November 30, 2020	Issued	Exercised	Expired Unexercised	May 31, 2021	Exercise Price	Expiry Date
1,050,000	-	(100,000)	(950,000)	-	\$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	(100,000)	(950,000)	9,155,000	\$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	

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 Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

7. Segmented Information – Continued

b) Geographic Segments

The Company's geographic information as at May 31, 2021 and November 30, 2020 are as follows:

As at May 31, 2021	Canada	Dominican Republic	Mexico	Total
Assets				
Mineral properties	\$ -	\$ 1,803,998	\$ -	\$ 1,803,998
Equipment	-	67,270	-	67,270
Other assets	1,070,078	33,035	6,034	1,109,147
Total	\$ 1,070,078	\$ 1,904,303	\$ 6,034	\$ 2,980,415

As at November 30, 2020	Canada	Dominican Republic	Mexico	Total
Assets				
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
Total	\$ 1,579,296	\$ 1,897,220	\$ 6,525	\$ 3,483,041

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 six months ended May 31, 2021 and 2020 includes:

	2021	2020
Salaries and wages	\$ 77,500	\$ 77,500
Consulting	-	626
Geological consulting	81,000	67,500
Property investigation costs	-	6,250
Accounting expense	12,000	9,000
Share-based compensation expense	383,881	286,082
	\$ 554,381	\$ 446,958

Precipitate Gold Corp.

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8. Related Party Transactions – Continued

The accounts payable and accrued liabilities of the Company as at May 31, 2021 and as at November 30, 2020 include the following amounts due to related parties:

	May 31, 2021	November 30, 2020
Key management personnel	\$ 33,619	\$ -

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 Six Months Ended May 31, 2021 and 2020

Unaudited – Prepared by Management

In Canadian Dollars

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.