

STALLION GOLD CORP.
(formerly HYBRID MINERALS INC.)

Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

STALLION GOLD CORP.
(formerly HYBRID MINERALS INC.)
CONDENSED QUARTERLY REPORT
June 30, 2021

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

STALLION GOLD CORP.

(formerly HYBRID MINERALS INC.)

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

As at	June 30, 2021 \$	December 31, 2020 \$
Assets		
Current assets		
Cash	1,870,542	2,574,675
Amounts receivable (Note 4)	61,429	51,508
Prepays and deposit	81,540	60,000
Total current assets	2,013,511	2,686,183
Non-current assets		
Exploration and evaluation asset (Note 3)	6,499,414	–
Total assets	8,512,925	2,686,183
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	194,807	189,275
Due to related party (Note 4)	291,260	299,202
Total liabilities	486,067	488,477
Shareholders' equity		
Share capital	15,343,240	9,223,240
Share-based payment reserve	1,065,391	778,561
Warrants reserve	738,446	738,446
Accumulated other comprehensive loss	2,755	(6,172)
Deficit	(9,122,974)	(8,536,369)
Total shareholders' equity	8,026,858	2,197,706
Total liabilities and shareholders' equity	8,512,925	2,686,183

Nature of business and continuing operations (Note 1)
Subsequent event (Note 10)

Approved and authorized for issuance on behalf of the Board of Directors on August 26, 2021:

/s/ "Drew Zimmerman"

Drew Zimmerman, Director

/s/ "Jay Martin"

Jay Martin, Director

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

STALLION GOLD CORP.

(formerly HYBRID MINERALS INC.)

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended June 30, 2021 \$	Three months ended June 30, 2020 \$	Six months ended June 30, 2021 \$	Six months ended June 30, 2020 \$
Expenses				
Business development	-	15,000	-	30,000
Consulting fees (Note 4)	-	-	56,600	-
Management fees (Note 4)	36,600	7,500	76,200	15,000
Office and miscellaneous	36,910	18	44,214	36
Professional fees (Note 4)	39,390	-	61,665	-
Project evaluation costs	3,410	-	3,410	-
Rent	3,869	2,500	5,269	5,000
Salaries	-	-	1,782	-
Stock-based compensation (Note 5)	-	-	286,830	-
Transfer agent and filing fees	6,653	641	50,635	1,531
Total expenses	126,832	25,659	586,605	51,567
Net loss	(126,832)	(25,659)	(586,605)	(51,567)
Other comprehensive income (loss)				
Unrealized gain on foreign currency translation	4,780	-	8,927	-
Total comprehensive loss	(122,052)	(25,659)	(577,678)	(51,567)
Loss per share, basic and diluted	(0.004)	(0.002)	(0.018)	(0.005)
Weighted average number of common shares outstanding	34,752,310	10,560,000	32,916,356	10,560,000

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

STALLION GOLD CORP.

(formerly HYBRID MINERALS INC.)

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Warrants reserve \$	Accumulated other comprehensive loss \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$					
Balance, December 31, 2019	10,560,002	6,879,412	778,561	191,753	(12,935)	(7,951,040)	(114,249)
Net loss for the period	–	–	–	–	–	(51,567)	(51,567)
Balance, June 30, 2020	10,560,002	6,879,412	778,561	191,753	(12,935)	(8,002,607)	(165,816)
Shares issued for private placement	20,000,000	3,000,000	–	–	–	–	3,000,000
Shares issued pursuant to exercise for share purchase warrants	500,000	274,590	–	(124,590)	–	–	150,000
Share issuance costs	–	(930,762)	–	671,283	–	–	(259,479)
Foreign currency translation gain	–	–	–	–	6,763	–	6,763
Net loss for the period	–	–	–	–	–	(533,762)	(533,762)
Balance, December 31, 2020	31,060,002	9,223,240	778,561	738,446	(6,172)	(8,536,369)	2,197,706
Shares issued for property	12,000,000	6,120,000	–	–	–	–	6,120,000
Stock-based compensation	–	–	286,830	–	–	–	286,830
Foreign currency translation gain	–	–	–	–	8,927	–	8,927
Net loss for the period	–	–	–	–	–	(586,605)	(586,605)
Balance, June 30, 2021	43,060,002	15,343,240	1,065,391	738,446	2,755	(9,122,974)	8,026,858

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

STALLION GOLD CORP.

(formerly HYBRID MINERALS INC.)

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

Six months ended	June 30, 2021	June 30, 2020
	\$	\$
Operating activities		
Net loss for the period	(586,605)	(51,567)
Adjust for non-cash items:		
Stock-based compensation	286,830	–
Changes in non-cash operating working capital:		
Amounts receivable	(9,921)	(75)
Deposit	(21,540)	–
Accounts payable and accrued liabilities	5,532	51,606
Due to related parties	(7,942)	–
Net cash used in operating activities	(333,646)	(36)
Investing activity		
Exploration and evaluation asset expenditures	(379,414)	–
Net cash used in investing activity	(379,414)	–
Effects of foreign exchange rate changes on cash	8,927	–
Change in cash	(704,133)	(36)
Cash, beginning of period	2,574,675	1,859
Cash, end of period	1,870,542	1,823

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

STALLION GOLD CORP. (formerly HYBRID MINERALS INC.)

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars)

1. Nature of Business and Continuing Operations

Stallion Gold Corp. (formerly Hybrid Minerals Inc.) (the “Company”) was incorporated on November 7, 2011 under the Business Corporations Act (British Columbia). The head office of the Company is located at Suite 700, 838 West Hastings Street, Vancouver, British Columbia, V6C 0A6.

The Company’s principal business activities include the acquisition and exploration of mineral property assets.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the six months ended June 30, 2021, the Company has not generated any revenues and incurred negative cash flow from operating activities. As at June 30, 2021, the Company has an accumulated deficit of \$9,122,974. The Company’s ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of compliance and basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 – Interim Financial Reporting of the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. As such, these condensed consolidated interim financial statements have been condensed and do not include all information necessary for an annual financial statements prepared under IFRS and, therefore, should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2020.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, Hybrid Minerals USA Inc. (“Hybrid USA”), and Mineral One Corporation (“Mineral One”), which is a wholly-owned U.S. subsidiary of Hybrid USA. All significant inter-company balances and transactions have been eliminated on consolidation.

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

(b) Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

STALLION GOLD CORP. (formerly HYBRID MINERALS INC.)

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of estimates and judgments (continued)

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, fair value of share-based compensation, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2021, and have not been early adopted in preparing these condensed consolidated interim financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Exploration and Evaluation Assets

	Horse Heaven Property \$	Chuchinka Property \$	
<i>Acquisition Costs:</i>			
Balance, December 31, 2019	–	337,090	337,090
Impairment	–	(337,090)	(337,090)
Balance, December 31, 2020	–	–	–
Cash payments	340,000	–	340,000
Share payments	6,120,000	–	6,120,000
Geological consulting and fieldwork	39,414	–	39,414
Balance, June 30, 2021	6,499,414	–	6,499,414

Horse Heaven Property

On March 1, 2021, the Company entered into a Share Option Agreement ("Agreement") pursuant to which the Company has been granted the option to acquire all the shares outstanding in 1262446 B.C. Ltd. ("Horse Heaven Parent"), a private mineral exploration company. Horse Heaven Parent is the sole owner of Horse Heaven Holdings Inc. which holds a 100% interest in the Horse Heaven mineral property. As consideration, the Company has agreed to pay a total of \$1,200,000 and issue an aggregate 36,000,000 common shares as follows:

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Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars)

3. Exploration and Evaluation Assets (continued)

- \$200,000 as a non-refundable deposit on the letter of intent and execution and delivery of the agreement (paid).
- \$200,000 and 12,000,000 common shares following the satisfaction or waiver of all of the conditions precedent in the Agreement (the "Effective Date") (paid and issued) (Note 5);
- \$400,000 and 12,000,000 common shares on the first anniversary of the Effective Date; and
- \$400,000 and 12,000,000 common shares on the second anniversary of the Effective Date.

The Company holds the right to accelerate any of these payments at its discretion and, upon all payments and share issuances being made, the option will be exercised.

4. Related Party Transactions

- (a) As at June 30, 2021, the amount of \$73,400 (December 31, 2020 – \$73,400) was owed to a company where the former President of the Company is the President, CEO, and CFO. The amount owed is non-interest bearing, unsecured and due on demand and is included in accounts payable and accrued liabilities.
- (b) As at June 30, 2021, the amount of \$291,260 (US\$235,000) (December 31, 2020 - \$299,202 (US\$235,000)) was owed to a company controlled by former directors of Mineral One.
- (c) During the six months ended June 30, 2021, the amount of \$55,200 (2020 – \$nil) was incurred to a company controlled by the Chief Executive Officer of the Company for management fees.
- (d) During the six months ended June 30, 2021, the amounts of \$21,000 (2020 – \$nil) and \$12,000 (2020 - \$nil) were incurred to companies controlled by the Chief Financial Officer of the Company for management fees and professional fees, respectively.
- (e) During the six months ended June 30, 2021, the amount of \$77,836 (2020 - \$nil) was incurred to a company controlled by the VP Exploration of the Company for consulting fees.
- (f) During the six months ended June 30, 2021, the amount of \$18,000 (2020 - \$nil) was incurred to a company controlled by the Corporate Secretary of the Company for consulting fees.
- (g) During the six months ended June 30, 2021, the amount of \$nil (2020 – \$7,500) was incurred to the former President of the Company for management fees.

5. Share Capital

Authorized: Unlimited common shares without par value

- (a) On October 1, 2020, the Company issued 20,000,000 common shares at a price of \$0.15 per share for gross proceeds of \$3,000,000. In addition, the Company paid finders' fees of \$235,700 and incurred share issuance costs of \$23,779. The Company also issued 1,570,667 finder's warrants with a fair value of \$671,283. Each finder's warrant entitles the holder to purchase one common share at an exercise price of \$0.15 per share expiring on October 1, 2022. The fair value of the finder's warrants was calculated using the Black-Scholes option pricing model with an expected life of two years, volatility of 177%, risk-free rate of 0.22%, and dividend yield of 0%.
- (b) During the year ended December 31, 2020, the Company issued 500,000 common shares for proceeds of \$150,000 pursuant to the exercise of share purchase warrants. The fair value of share purchase warrants exercised of \$124,590 was transferred from warrants reserve to share capital upon exercise.

STALLION GOLD CORP. (formerly HYBRID MINERALS INC.)

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars)

5. Share Capital (continued)

(c) On June 2, 2021, the Company issued 12,000,000 common shares with a fair value of \$6,120,000 pursuant to the Agreement to acquire Horse Heaven Parent (Note 3).

6. Stock Options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares. The number of common shares reserved for issuance is not to exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to five years from the date of grant.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2019 and 2020	933,333	1.20
Granted	900,000	0.345
Expired	(933,333)	1.20
Outstanding, June 30, 2021	900,000	0.345

During the six months ended June 30, 2021, the Company granted 900,000 stock options to certain employees, officers, directors and/or consultants of the Company and recorded a stock-based compensation expense of \$286,830 during the period calculated using the Black Scholes Option Pricing Model with the following assumptions: exercise price of \$0.345, expected life of the options: 5 years, expected volatility: 189%, expected dividend yield: 0%, and risk-free rate: 0.87%.

Additional information regarding stock options outstanding as at June 30, 2021, is as follows:

Range of Exercise prices \$	Outstanding and exercisable		
	Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.25 – 0.50	900,000	4.93	0.345

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(Expressed in Canadian dollars)

7. Share Purchase Warrants

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2019	500,000	0.30
Issued	1,570,667	0.15
Exercised	(500,000)	0.30
Balance, December 31, 2020 and June 30, 2021	1,570,667	0.15

As at June 30, 2021, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
1,570,667	0.15	October 2, 2022

8. 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, share-based payment reserve, and warrants reserve.

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 issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2020.

9. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, accounts payable and accrued liabilities, and amount due to related party, approximate their carrying values due to the relatively short-term maturity of these instruments.

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Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars)

9. Financial Instruments and Risk Management (continued)

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. The carrying amount of these financial assets represents the maximum credit exposure.

(c) 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 debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(d) Foreign Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Company's liabilities is denominated in U.S. dollars. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

(e) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(f) Price Risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

10. Subsequent Event

On July 15, 2021, the Company closed a non-brokered private placement and issued 5,002,500 units at a price of \$0.40 per unit for gross proceeds of \$2,001,000. Each unit consists of one common share of the Company and one-half of one transferable share purchase warrant, each whole warrant entitling the holder to acquire one additional common share at an exercise price of \$0.50 for a period of 12 months. The Company paid finder's fees of \$57,200 and issued 143,000 finder's warrants to arm's length parties. Each finder's warrant has the same terms as the unit share purchase warrant.