



**OUTCROP**  
SILVER & **GOLD**

**OUTCROP SILVER & GOLD CORPORATION**

(Formerly Outcrop Gold Corp.)

**Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended May 31, 2021 and 2020**

**(unaudited)**

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)**Condensed interim consolidated statements of financial position***(Unaudited – expressed in Canadian dollars)*

As at	Notes	May 31, 2021	August 31, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 7,798,346	\$ 5,952,245
Receivables		46,163	44,352
Marketable securities		-	5,730
Advances and prepaid expenses		92,110	329,668
Deferred financing costs	12	27,229	-
		<b>7,963,848</b>	<b>6,331,995</b>
<b>Non-current assets</b>			
Equipment		61,920	59,267
Non-current receivables		-	68,150
Mineral properties	5	4,453,462	4,494,576
		<b>4,515,382</b>	<b>4,621,993</b>
<b>Total assets</b>		<b>\$ 12,479,230</b>	<b>\$ 10,953,988</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	\$ 1,219,981	\$ 532,079
		<b>1,219,981</b>	<b>532,079</b>
<b>Shareholders' equity</b>			
Share capital	7	51,575,775	44,702,834
Stock-based reserves	7	9,296,492	7,596,002
Warrant reserves	7	11,317,286	9,292,227
Accumulated other comprehensive loss		(3,165)	(46)
Deficit		(60,927,139)	(51,169,108)
<b>Total shareholders' equity</b>		<b>(11,259,249)</b>	<b>10,421,909</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 12,479,230</b>	<b>\$ 10,953,988</b>
Nature of operations and going concern	1		
Subsequent events	12		

Approved for issue by the Board of Directors on July 30, 2021.

On behalf of the Board of Directors:

*"Joseph P. Hebert"*  
 \_\_\_\_\_  
 Joseph P. Hebert, Director

*"Kevin Nishi"*  
 \_\_\_\_\_  
 Kevin Nishi, Director

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)  
**Condensed interim consolidated statements of loss and comprehensive loss**  
*(Unaudited – expressed in Canadian dollars)*

	Notes	Three months ended May 31,		Nine months ended May 31,	
		2021	2020	2021	2020
<b>EXPENSES</b>					
Exploration	5	\$ 1,963,232	\$ 406,848	\$ 6,211,701	\$ 1,079,119
Foreign exchange		(35,462)	46,326	(495,345)	26,343
General and administrative		256,264	154,489	618,863	451,838
Investor relations		452,763	36,274	940,958	61,052
Professional fees		146,985	15,858	255,003	120,426
Stock-based compensation	7	736,234	243,981	1,877,918	454,189
Wages and benefits	8	65,360	56,732	322,330	161,355
		<u>(3,585,376)</u>	<u>(960,508)</u>	<u>(9,731,428)</u>	<u>(2,354,322)</u>
<b>OTHER INCOME (EXPENSES)</b>					
Interest income		3,913	6	11,456	26
Impairment of mineral properties	5	(41,114)	-	(41,114)	-
Marketable securities, net change to fair value		-	(1,910)	3,055	(3,820)
		<u>(37,201)</u>	<u>(1,904)</u>	<u>(26,603)</u>	<u>(3,794)</u>
<b>Loss for the period</b>		<u>(3,622,577)</u>	<u>(962,412)</u>	<u>(9,758,031)</u>	<u>(2,358,116)</u>
<b>Items that are or may be reclassified to profit or loss</b>					
Foreign currency translation differences for foreign operations		818	21,350	(3,119)	121,221
<b>Comprehensive loss for the period</b>		<u>\$ (3,621,759)</u>	<u>\$ (941,062)</u>	<u>\$ (9,761,150)</u>	<u>\$ (2,236,895)</u>
Basic and diluted loss per share		\$ (0.03)	\$ (0.01)	\$ (0.09)	\$ (0.04)
Weighted average number of common shares outstanding	7	125,620,268	78,370,345	114,393,914	55,719,823

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

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)**Condensed interim consolidated statements of cash flows***(Unaudited – expressed in Canadian dollars)*

<b>For the nine months ended</b>	<b>Notes</b>	<b>May 31, 2021</b>	<b>May 31, 2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net loss for the period</b>		\$ (9,758,031)	\$ (2,358,116)
<i>Adjustments for items not involving cash:</i>			
Depreciation		17,946	12,505
Stock-based compensation		1,877,918	454,189
Impairment of mineral properties		41,114	-
Unrealized gain (loss) on marketable securities		(5,730)	3,820
Unrealized foreign exchange gain (loss)		44,113	(142,732)
		<b>(7,782,670)</b>	<b>(2,030,334)</b>
<i>Net changes in non-cash working capital items:</i>			
Receivables		(2,469)	(6,078)
Advances and prepaid expenses		237,558	(94,593)
Accounts payable and accrued liabilities		687,901	(99,806)
		<b>(6,859,680)</b>	<b>(2,230,811)</b>
Change in long-term receivables		68,150	-
<b>Net cash outflows from operating activities</b>		<b>(6,791,530)</b>	<b>(2,230,811)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital asset acquisitions		(20,599)	-
Sale of marketable securities		11,460	-
Mineral property acquisitions		-	(143,517)
Royalty		-	(61,106)
<b>Net cash outflows from investing activities</b>		<b>(9,139)</b>	<b>(204,623)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Shares issued		9,658,508	2,560,000
Share subscriptions received		-	15,000
Share issue costs		(937,938)	(41,099)
Deferred financing costs		(27,229)	-
<b>Net cash inflows from financing activities</b>		<b>8,693,341</b>	<b>2,533,901</b>
Effect of foreign exchange on cash		(46,571)	2,398
<b>Net increase in cash during the period</b>		<b>1,846,101</b>	<b>98,467</b>
Cash, beginning of period		5,952,245	185,222
<b>Cash, end of period</b>		<b>\$ 7,798,346</b>	<b>\$ 286,087</b>

Supplemental disclosure with respect to cash flows – Note 11

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)

**Condensed interim consolidated statements of equity**

*(Unaudited – expressed in Canadian dollars)*

	Notes	Number of Shares	Share Capital	Stock-Based Reserves	Warrant Reserves	Accumulated Other Comprehensive Loss	Share Subscriptions Receivable	Deficit	Total
<b>Balance, August 31, 2019</b>		<b>29,024,928</b>	<b>\$ 33,624,454</b>	<b>\$ 7,006,899</b>	<b>\$ 7,343,112</b>	<b>\$ (112,715)</b>	<b>\$ (262,223)</b>	<b>\$ (46,143,882)</b>	<b>\$ 1,455,645</b>
Common shares issued		25,600,000	1,507,000	-	1,053,000	-	-	-	2,560,000
Common shares issued for acquisition of mineral properties		24,350,000	2,678,500	-	-	-	-	-	2,678,500
Common shares issue for finders' fees		600,000	34,000	-	26,000	-	-	-	60,000
Common shares returned to treasury		(1,204,583)	(123,257)	-	(124,547)	-	247,804	-	-
Share subscriptions receivable		-	-	-	-	-	15,000	-	15,000
Share issue costs		-	(74,517)	-	(26,000)	-	(581)	-	(101,098)
Stock-based compensation		-	-	454,189	-	-	-	-	454,189
Foreign currency translation adjustment		-	-	1	-	(121,222)	-	-	(121,221)
Loss for the period		-	-	-	-	-	-	(2,358,116)	(2,358,116)
<b>Balance, May 31, 2020</b>		<b>78,370,345</b>	<b>\$ 37,646,180</b>	<b>\$ 7,461,089</b>	<b>\$ 8,271,565</b>	<b>\$ (233,937)</b>	<b>\$ -</b>	<b>\$ (48,501,998)</b>	<b>\$ 4,642,899</b>
<b>Balance, August 31, 2020</b>		<b>107,798,133</b>	<b>\$ 44,702,834</b>	<b>\$ 7,596,002</b>	<b>\$ 9,292,227</b>	<b>\$ (46)</b>	<b>\$ -</b>	<b>\$ (51,169,108)</b>	<b>\$ 10,421,909</b>
Common shares issued		24,350,820	7,828,865	-	1,829,645	-	-	-	9,658,510
Warrants issued for finders' fees		-	(253,830)	-	253,830	-	-	-	-
Share issue costs		-	(937,938)	-	-	-	-	-	(937,938)
Stock-based compensation		-	-	1,877,918	-	-	-	-	1,877,918
Transfer of fair value of warrants exercised		-	58,416	-	(58,416)	-	-	-	-
Transfer of fair value of options exercised		-	177,428	(177,428)	-	-	-	-	-
Foreign currency translation adjustment		-	-	-	-	(3,119)	-	-	(3,119)
Loss for the period		-	-	-	-	-	-	(9,758,031)	(9,758,031)
<b>Balance, May 31, 2021</b>		<b>132,148,953</b>	<b>\$ 51,575,775</b>	<b>\$ 9,296,492</b>	<b>\$ 11,317,286</b>	<b>\$ (3,165)</b>	<b>\$ -</b>	<b>\$ (60,927,139)</b>	<b>\$ 11,259,249</b>

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

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)

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

**For the three and nine months ended May 31, 2021**

*(Unaudited – expressed in Canadian dollars)*

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

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Outcrop Gold & Silver Corporation (formerly Outcrop Gold Corp.) (“Outcrop” or the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia, Canada. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol OCG.

The Company’s corporate registered and records office is located at #905 – 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3. The Company is engaged in the identification, acquisition, exploration, and development of mineral properties in Colombia. The Company has not placed any of its mineral properties into production and is therefore considered to be in the exploration stage. These condensed interim consolidated financial statements for the Company for the three and nine months ended May 31, 2021 are comprised of the results of the Company and its subsidiaries.

These condensed interim consolidated financial statements are prepared on a 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 in the foreseeable future. The Company estimates that it has adequate financial resources for the next twelve months.

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. The extent to which COVID-19 may impact the Company’s business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the virus. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these unaudited condensed consolidated interim financial statements, these conditions could have a significant adverse impact on the Company’s financial position and results of operations for future periods.

**2. BASIS OF PRESENTATION**

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**Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting using the Principles of International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and, accordingly, should be read in conjunction with the Company’s annual consolidated financial statements for the year ended August 31, 2020.

**Basis of measurement and presentation**

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, using the accrual basis of accounting, except for cash flow information.

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)

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

**For the three and nine months ended May 31, 2021**

*(Unaudited – expressed in Canadian dollars)*

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**2. BASIS OF PRESENTATION** *(continued)*

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**Functional and presentation currency**

The presentation currency of the Company is the Canadian dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), which has been determined for each entity within the Company using an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The functional currency of Outcrop, the parent company, is the Canadian dollar; that of the Company’s US subsidiary, Miranda Gold USA, Inc. is the United States dollar. The functional currency of all the Company’s Canadian subsidiaries is the Canadian dollar, and that of all the Colombian branch operations and Colombian simplified share companies is also the Canadian dollar.

**Use of estimates and judgments**

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

In preparing these condensed interim consolidated financial statements, significant judgments made by management in applying the Company’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2020.

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**3. SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied as at and for the year ended August 31, 2020.

**New standards, interpretations and amendments adopted during the period**

A number of new standards, amendments to standards and interpretations are not yet effective as of May 31, 2021 and have therefore not been applied in preparing these condensed interim consolidated financial statements. None are expected to have a material effect on the financial statements of the Company.

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**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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**Categories of Financial Assets and Financial Liabilities**

Financial instruments are classified into one of the following categories: Fair value through profit or loss (“FVTPL”); amortized cost; fair value through other comprehensive income (“FVOCI”).

The carrying values of the Company’s financial instruments are classified into the following categories:

<b>Financial Instrument</b>	<b>Category</b>	<b>May 31, 2021</b>	<b>August 31, 2020</b>
Cash and cash equivalents	FVTPL	\$ 7,798,346	\$ 5,952,245
Receivables	Amortized cost	\$ 23,608	\$ 25,238
Marketable securities	FVTPL	\$ -	\$ 5,730
Accounts payable and accrued liabilities	Amortized cost	\$ 1,219,981	\$ 532,079

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

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)

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

**For the three and nine months ended May 31, 2021**

*(Unaudited – expressed in Canadian dollars)*

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**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(continued)*

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The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

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 marketplace.

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

The recorded amounts for receivables and accounts payable approximate their fair value due to their short-term nature. Cash and marketable securities are recorded at fair value and are calculated under the fair value hierarchy and measured using Level 1 inputs. The value of the Company's Level 1 assets as at May 31, 2021 included cash and cash equivalents of \$7,798,346 (August 31, 2020 - \$5,952,245) and marketable securities of \$nil (August 31, 2020 - \$5,730).

**Risk Management**

All aspects of the Company's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended August 31, 2020.

**5. MINERAL PROPERTIES**

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Outcrop acquires mineral properties through application, staking, and third-party vendors, some of which are subject to net smelter return royalties ("NSR") or underlying lease payments. Subsequent to the acquisition of mineral properties, the Company may enter into agreements to sell a portion of its interests in its mineral properties to third parties in exchange for exploration expenditures, royalty interests, cash, or share-based payments.

Outcrop cannot guarantee title to all of its mineral properties as the properties may be subject to prior mineral rights applications with priority, prior unregistered agreements or transfers, and/or the title may be affected by undetected defects. Certain of the mineral rights held by Outcrop are held under applications for mineral rights and until final approval of such applications is received, the Company's rights to such mineral rights may not materialize and the exact boundaries of Outcrop's properties may be subject to adjustment.



**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)

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

**For the three and nine months ended May 31, 2021**

*(Unaudited – expressed in Canadian dollars)*

**5. MINERAL PROPERTIES** *(continued)*

**Mineral Properties as at May 31, 2021**

	August 31, 2020	Additions	Recoveries	Impairment/ Write off project	Effect of movement in exchange rates	May 31, 2021
<b>Alaska:</b>						
Renshaw Royalty	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 1
<b>Colombia:</b>						
Antares	\$ 112,987	\$ -	\$ -	\$ -	\$ -	\$ 112,987
Argelia	265,240	-	-	-	-	265,240
Kuntur	20,438	-	-	(20,438)	-	-
Lyra	20,676	-	-	(20,676)	-	-
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	3,735,450	-	-	-	-	3,735,450
	4,494,575	-	-	(41,114)	-	4,453,461
<b>TOTAL</b>	<b>\$ 4,494,576</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (41,114)</b>	<b>\$ -</b>	<b>\$ 4,453,462</b>

	August 31, 2019	Additions	Recoveries	Impairment/ Write off project	Effect of movement in exchange rates	August 31, 2020
<b>Alaska:</b>						
Renshaw Royalty	\$ 425,635	\$ 61,107	\$ -	\$ (491,591)	\$ 4,850	\$ 1
<b>Colombia:</b>						
Antares	\$ 112,987	\$ -	\$ -	\$ -	\$ -	\$ 112,987
Argelia	265,240	-	-	-	-	265,240
Cauca	95,032	-	-	(95,032)	-	-
Kuntur	20,438	-	-	-	-	20,438
Lyra	20,676	-	-	-	-	20,676
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	-	3,735,450	-	-	-	3,735,450
	854,157	3,735,450	-	(95,032)	-	4,494,575
<b>TOTAL</b>	<b>\$ 1,279,792</b>	<b>\$ 3,796,557</b>	<b>\$ -</b>	<b>\$ (586,623)</b>	<b>\$ 4,850</b>	<b>\$ 4,494,576</b>

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

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended May 31, 2021***(Unaudited – expressed in Canadian dollars)***5. MINERAL PROPERTIES** *(continued)***Exploration Expenditures**

	Three months ended May 31,		Nine months ended May 31,	
	2021	2020	2021	2020
Antares	\$ 15,670	\$ 782	\$ 20,790	\$ 4,097
Argelia	2,239	827	7,359	4,142
Cauca	-	-	-	9,945
Kuntur	-	827	-	4,142
Lyra	-	827	-	4,142
Mallama	22,386	3,419	47,987	13,457
Oribella	2,239	6,011	7,359	16,142
Santa Ana	1,918,461	316,621	6,085,005	834,083
General exploration	2,237	77,534	43,201	188,969
<b>TOTAL</b>	<b>\$ 1,963,232</b>	<b>\$ 406,848</b>	<b>\$ 6,211,701</b>	<b>\$ 1,079,119</b>

**Antares Project**

On October 9, 2015, the Company executed an option agreement (the “Antares Option”) by and among Activos Mineros de Colombia S.A.S. (“AMC”), the Company, the Company’s subsidiary Miranda Gold Colombia II Ltd. (“MAD II”), and the Colombian Branch of MAD II to acquire the Antares property with minimum operation payments and a share issuance by the Company due according to the schedule below. Upon commencing commercial production (as defined in the agreement), the minimum operation payments will cease and the payment of a 1.8% NSR will commence.

The Company must meet the following payment schedule to maintain the option:

- US\$60,000 on October 9, 2015 *(paid)*;
- US\$60,000 on October 9, 2016 *(paid)*;
- US\$70,000 within 30 days of the Registration Date of the Mining Concession Contract (“Registration Date”);
- US\$80,000 and 150,000 common shares on the first anniversary of the Registration Date;
- US\$90,000 on the 2<sup>nd</sup> anniversary of the Registration Date;
- US\$100,000 on the 3<sup>rd</sup> anniversary of the Registration Date;
- US\$120,000 on the 4<sup>th</sup> anniversary of the Registration Date;
- US\$120,000 on the 5<sup>th</sup> anniversary of the Registration Date;
- US\$150,000 on the 6<sup>th</sup> anniversary of the Registration Date and for each successive anniversary.

Furthermore, the Company must adhere to a schedule of minimum exploration expenditures as follows:

- US\$200,000 within the first two years following the Registration Date;
- US\$200,000 during the 3<sup>rd</sup> year following the Registration Date (cumulative spend US\$400,000);
- US\$300,000 during each of the 4<sup>th</sup> and 5<sup>th</sup> years following the Registration Date (cumulative spend US\$700,000 and \$1,000,000, respectively);
- US\$500,000 during each of the 6<sup>th</sup> and 7<sup>th</sup> years following the Registration Date (cumulative spend US\$1,500,000 and US\$2,000,000, respectively).

The minimum exploration expenditure schedule may be suspended for up to two years in any period in which the Company does not have a suitable joint venture partner funding expenditures on the project. As at May 31, 2021 the Company has not yet registered the project.

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

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)

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

**For the three and nine months ended May 31, 2021**

*(Unaudited – expressed in Canadian dollars)*

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**5. MINERAL PROPERTIES** *(continued)*

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**Argelia Project**

On June 15, 2017, the Company executed an option agreement (the “Argelia Option”) by and among Bullet Holding Corp. (“Bullet”), Esquimal S.O.M. (“Esquimal”), and the Company to acquire the Argelia property, consisting of three applications.

The Company must meet the following payment schedule to maintain the option:

- US\$100,000 by June 22, 2017 *(paid)*;
- 162,427 common shares upon TSX-V approval of issuance *(issued)*;
- US\$100,000 upon conversion of applications to titles;
- US\$100,000 upon receipt of approval for forestry subtraction or upon the Company commencing drill applications for any of the titles;
- US\$100,000 upon receipt of drill permits;
- US\$250,000 upon announcement of an NI 43-101 resource of >500,000 oz/au total in all categories (M+I+I) (“Announcement Date”);
- US\$250,000 one year following the Announcement Date.

A residual net profits interest (“NPI”) of 4% or an NSR of 1.5%, whichever is greater, will be payable to the vendor until US\$6,000,000 has been paid, at which time an NSR of 1.5% will be payable for the life of the mine.

**Kuntur Project**

The Company has applied to the Agencia Nacional de Minería (“ANM”) for several separate titles comprising the Kuntur Project, located in the Quebradona (Nuevo Chaquiro) District in Colombia. As at May 31, 2021 the mining title conversion was denied and the Company has written off the carrying value of the applications totalling \$20,438.

**Lyra Project**

The Company has applied to the ANM for several separate titles comprising the Lyra Project, located in the Department of Antioquia, Colombia. As at May 31, 2021 the mining title conversion was denied and the Company has written off the carrying value of the applications totalling \$20,676.

**Mallama Project**

On August 31, 2017, Outcrop completed the acquisition of the Mallama Project (“Mallama”) by an outright purchase of 100% of the shares of the Colombian simplified share company, Minera Mallama S.A.S. (“Mallama SAS”).

During the fiscal year ended August 31, 2017, Outcrop paid a total of \$298,216 in outstanding fees due to ANM prior to the final effective date of the purchase. Upon receipt of suitable drill permits on Mallama, without any future time constraint, Outcrop is required to make an additional payment of US\$200,000 to the former shareholders of Mallama SAS. An NSR of 4% will be payable to the former shareholders, with a minimum of US\$1,000,000 payable within three years of the commencement of commercial production, capped at US\$4,000,000 over the life of the mine.

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)

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

**For the three and nine months ended May 31, 2021**

*(Unaudited – expressed in Canadian dollars)*

**5. MINERAL PROPERTIES** *(continued)*

**Oribella Project**

On May 13, 2014, the Company acquired the Oribella Project in the Antioquia Department of Colombia through a purchase agreement with Antioquia Gold Inc. (“Antioquia Gold”).

Upon registration of the property with ANM as a contract, Outcrop will reimburse Antioquia Gold for the application payment of COP 101,136,976 (approximately US\$35,000). Oribella is subject to a 0.5% royalty to Antioquia Gold that can be purchased for US\$1,500,000 and a 2% royalty to Barrick Gold.

**Santa Ana Project**

On January 24, 2020, the Company completed the acquisition of 100% of the Santa Ana project located in the Municipality of Falan, Tolima Department, Colombia through the purchase of all of the issued and outstanding shares of Malew Overseas S.A. (“Malew”). Malew’s wholly owned subsidiary, Lost City S.A.S., owns the Santa Ana Project.

On July 28, 2020, the Company increased the Santa Ana land position with the acquisition of additional adjacent claims. In connection with the additional adjacent claims, the Company will make the following series of payments and share issuances:

- Issue US\$500,000 in common shares of the Company within 15 days following the date on which the first of the mining concession agreements arising from certain applications is registered in the Assignee’s name with the National Mining Registry.
- Issue US\$500,000 in common shares of the Company within 15 days following the date on which the remaining mining concession agreements is registered in the Assignee’s name with the National Mining Registry.
- Upon entry into commercial production, a royalty equivalent of 2% of the NSR in the concession agreements arising from the applications. The Company has the option to purchase 1% of the NSR for cash of US\$500,000.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

<b>As at</b>	<b>May 31, 2021</b>	<b>August 31, 2020</b>
Accounts payable and accrued liabilities – Canada	\$ 59,520	\$ 77,979
Accounts payable and accrued liabilities – United States	-	2,173
Accounts payable and accrued liabilities – Colombia	1,132,904	339,178
Amounts payable to related parties – Canada <i>(Note 8)</i>	27,557	41,018
Amounts payable to related parties – Colombia <i>(Note 8)</i>	-	71,731
<b>TOTAL</b>	<b>\$ 1,219,981</b>	<b>\$ 532,079</b>

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)

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

**For the three and nine months ended May 31, 2021**

*(Unaudited – expressed in Canadian dollars)*

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**7. SHARE CAPITAL**

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**a) Authorized**

An unlimited number of common shares without par value.

**b) Share Issuance**

At May 31, 2021, the Company had 132,148,953 common shares issued and outstanding (August 31, 2020 – 107,798,133).

During the nine months ended May 31, 2021, the Company:

- Issued 1,024,320 common shares following the exercise of share purchase warrants at a price of \$0.20 - \$0.40 per common share for gross proceeds of \$259,864;
- Issued 1,925,000 common shares following the exercise of stock options at a price of \$0.10 - \$0.17 per common share for gross proceeds of \$196,000;
- Closed a bought deal offering through a short-form prospectus consisting of 21,401,500 units at a price of \$0.43 per unit for gross proceeds of \$9,202,645. Each unit consists of one common share and a one-half share purchase warrant, each full warrant exercisable into a common share at a price of \$0.60 per share until March 26, 2023. The proceeds of the financing were allocated on a relative fair value basis as \$7,373,000 to common shares and \$1,829,645 to warrants.

The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation were an expected life of 2 years, an expected dividend of \$nil, a risk-free interest rate of 0.23%, and an expected volatility of 119.20%.

Cash share issuance costs of \$937,938 were paid in relation to the bought deal, in addition to an issuance of 1,246,429 finders' warrants with an exercise price of \$0.43 per share, valued at \$253,830 using the Black-Scholes Option-Pricing Model assumptions above.

**c) Stock Options Outstanding**

The Company has a shareholder-approved stock option plan that provides for the reservation for issuance of 10% of the Company's issued and outstanding common shares to its directors, officers, employees, and consultants. The vesting terms of each stock option grant is determined by the Board of Directors at the time of the grant.

The Company also has an award plan (the "RSU/DSU Plan") which permits the grant of restricted share units of the Company ("RSU's") and/or deferred share units of the Company ("DSU's") whereby the maximum number of common shares reserved for issue under the RSU/DSU Plan shall not exceed 4,000,000 common shares of the Company. In addition, the aggregate number of common shares issuable pursuant to the RSU/DSU Plan combined with all of the Company's other securities-based compensation arrangements, including the Company's Stock Option Plan, shall not exceed 10% of the Company's outstanding shares. No RSU's or DSU's have been issued.

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*(Unaudited – expressed in Canadian dollars)*

**7. SHARE CAPITAL** *(continued)*

The stock option continuity for the nine months ended May 31, 2021 is as follows:

Number Outstanding August 31, 2020		Granted	Expired/ Exercised Canceled	Number Outstanding May 31, 2021	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
107,500	-	-	(107,500)	-	\$ 1.20	Jan 28, 2021	-
30,000	-	-	(30,000)	-	\$ 1.20	Apr 25, 2021	-
202,500	-	-	(92,500)	<b>110,000</b>	\$ 0.90	Jan 25, 2022	0.65
6,150,000	-	(1,875,000)	(500,000)	<b>3,775,000</b>	\$ 0.10	Feb 7, 2025	3.69
225,000	-	(50,000)	-	<b>175,000</b>	\$ 0.17	May 13, 2025	3.95
200,000	-	-	-	<b>200,000</b>	\$ 0.56	Jul 24, 2025	4.15
-	3,500,000	-	(1,200,000)	<b>2,300,000</b>	\$ 0.40	Oct 20, 2025	4.39
-	1,000,000	-	-	<b>1,000,000</b>	\$ 0.63	Oct 20, 2025	4.39
-	3,900,000	-	-	<b>3,900,000</b>	\$ 0.30	Apr 19, 2026	4.89
<b>6,915,000</b>	<b>8,400,000</b>	<b>(1,925,000)</b>	<b>(1,930,000)</b>	<b>11,460,000</b>	<b>\$ 0.29</b>	<b>(weighted average)</b>	<b>4.28</b>
			<b>Exercisable</b>	<b>7,510,000</b>	<b>\$ 0.25</b>	<b>(weighted average)</b>	<b>3.99</b>

As at May 31, 2021, 7,510,000 of the outstanding stock options were vested and exercisable, with a weighted average exercise price of \$0.25.

**Stock-Based Compensation**

The fair value of each option granted to employees, officers, and directors was estimated on the date of the grant using the Black-Scholes Option-Pricing Model.

During the nine months ended May 31, 2021, 8,400,000 stock options were granted (May 31, 2020 – 6,650,000). Options granted during the period vest 25% on the grant date and 25% each three months thereafter. The Company recorded \$1,877,918 in stock-based compensation expense (May 31, 2020 - \$454,189) for options vested during the period. The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation were an expected life of 5 years, expected dividend of \$nil, and:

	Apr 19, 2021	Jan 5, 2021	Oct 20, 2020	Jul 24, 2020	May 13, 2020	Feb 7, 2020
Risk-free interest rate	0.95%	0.39%	0.36%	0.34%	0.37%	1.34%
Expected volatility	149.83%	152.59%	153.16%	153.08%	151.45%	147.76%
Fair value	\$ 0.25	\$ 0.58	\$ 0.32	\$ 0.54	\$ 0.15	\$ 0.09

**d) Share Purchase Warrants**

The share purchase warrant continuity for the nine months ended May 31, 2021 is as follows:

Number Outstanding August 31, 2020		Granted	Expired/ Exercised Canceled	Number Outstanding May 31, 2021	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
2,914,056	-	-	-	<b>2,914,056</b>	\$ 1.20	Jun 23, 2021	0.06
2,751,250	-	-	-	<b>2,751,250</b>	\$ 1.20	Mar 9, 2022	0.77
10,088,760	-	(275,000)	-	<b>9,813,760</b>	\$ 0.40	Feb 22, 2024	2.73
1,590,721	-	-	-	<b>1,590,721</b>	\$ 0.40	Apr 17, 2024	2.88
22,809,320	-	(749,320)	-	<b>22,060,000</b>	\$ 0.20	Nov 7, 2024	3.44
10,883,928	-	-	-	<b>10,883,928</b>	\$ 0.42	Jun 17, 2022	1.05
-	10,700,750	-	-	<b>10,700,750</b>	\$ 0.60	Mar 26, 2013	1.82
-	1,246,429	-	-	<b>1,246,429</b>	\$ 0.43	Mar 26, 2023	1.82
<b>51,038,035</b>	<b>11,947,179</b>	<b>(1,024,320)</b>	-	<b>61,960,894</b>	<b>\$ 0.44</b>	<b>(weighted average)</b>	<b>2.30</b>

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

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended May 31, 2021***(Unaudited – expressed in Canadian dollars)***8. RELATED PARTY TRANSACTIONS**

- a) The Company's related parties consist of companies with directors and officers in common, and companies owned in whole or in part by executive officers and directors as follows:

<b>Related Party Name</b>	<b>Nature of Transactions</b>
Calibre Capital Corp. (" <b>Calibre</b> ") & Northhouse Capital Corp. (" <b>Northhouse</b> "), companies related to Alexander Tong	Consulting as CFO
DKT Geosolutions Inc. (" <b>DKT</b> "), a company related to David Thomas	Consulting as VP Exploration ( <i>terminated in January 2021</i> )
Farris LLP (" <b>Farris</b> "), a company in which Jay Sujir is a partner	Legal services
RIP Services Inc. (" <b>RIP</b> "), a company related to Rakesh Patel	Consulting as CFO ( <i>terminated in December 2019</i> )
Slater Corporate Services Corporation (" <b>SCSC</b> "), a company related to Ian Slater	Cost reimbursement, Corporate Secretary, corporate compliance services, accounting, and financial reporting

The Company incurred the following fees in connection with companies owned or partially owned by key management (Chief Executive Officer, Chief Financial Officer, Corporate Secretary) and/or directors. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

	<b>Three months ended May 31,</b>		<b>Nine months ended May 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Consulting fees – Calibre	\$ -	\$ 7,165	\$ -	\$ 35,830
Consulting fees – DKT	-	9,450	41,875	26,828
Consulting fees – Northhouse	20,475	14,333	61,425	14,333
Consulting fees – RIP	-	-	-	8,400
Cost reimbursement – SCSC	82,500	52,438	228,333	107,500
Legal fees – Farris	170,210	-	255,414	-
<b>TOTAL</b>	<b>\$ 273,185</b>	<b>\$ 83,386</b>	<b>\$ 587,047</b>	<b>\$ 192,891</b>

- b) Amounts owing to related parties are disclosed in Note 6. All amounts are unsecured, with no specific terms of repayment.
- c) Prepaid amounts to related parties totalled \$nil as at May 31, 2021 (August 31, 2020 – \$45,000).

**OUTCROP SILVER & GOLD CORPORATION** (formerly Outcrop Gold Corp.)

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

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*(Unaudited – expressed in Canadian dollars)*

**8. RELATED PARTY TRANSACTIONS** *(continued)*

- d) Compensation of directors and members of key management personnel, including amounts disclosed in Note 8(a), (b), and (c) were as follows:

	Three months ended		Nine months ended	
	May 31,		May 31,	
	2021	2020	2021	2020
Directors fees	\$ -	\$ (7,242)	\$ -	\$ -
Exploration	-	9,450	44,306	26,828
Legal fees <sup>(1)</sup>	170,210	-	255,414	-
Reimbursement of expenses <sup>(2)</sup>	52,500	7,438	149,781	32,500
Stock-based compensation	369,240	187,671	948,586	361,465
Wages and benefits	126,785	108,897	371,697	280,585
<b>TOTAL</b>	<b>\$ 718,735</b>	<b>\$ 306,214</b>	<b>\$ 1,769,784</b>	<b>\$ 701,378</b>

<sup>(1)</sup> Amount is included in professional fees.

<sup>(2)</sup> Amount is included in general and administrative expenses.

**9. SEGMENTED DISCLOSURE**

The Company operates in the mineral exploration sector within Colombia.

Note 5 provides disclosure as to the geographic location of the Company's mineral properties and exploration expenditures. The majority of the Company's equipment is located in Colombia.

**10. MANAGEMENT OF CAPITAL**

The Company manages its common shares, stock options and warrants as capital (Note 7). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash.

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

To maximize ongoing exploration expenditures, the Company does not pay dividends. The Company's investment policy is to keep its cash treasury on deposit in interest-bearing Canadian chartered bank accounts and short-term guaranteed investment certificates.

The Company estimates that it will require additional funding to carry out its exploration plans and operations through the next twelve months. The Company is not subject to any externally imposed capital restrictions.



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

**For the three and nine months ended May 31, 2021**

*(Unaudited – expressed in Canadian dollars)*

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**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

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<b>For the nine months ended</b>	<b>May 31, 2021</b>		<b>May 31, 2020</b>	
<b>Non-cash investing and financing activities:</b>				
Fair value of shares issued for mineral properties	\$	-	\$	2,678,500
<b>Interest received</b>	\$	11,456	\$	26

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**12. SUBSEQUENT EVENTS**

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Subsequent to May 31, 2021, the Company established an at-the-market equity program (the “ATM Program”), which allows the Company to issue and sell, at its discretion, up to \$5,000,000 of common shares in the capital of the Company to the public from time to time at the prevailing market price when the common shares are issued. Cash costs associated with the establishment of the ATM Program have been recorded as deferred financing costs.