King’s Bay Resources Corp.
(An Exploration Company)

Condensed Interim Financial Statements

Six Months Ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review of 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 interim financial statements, they must be accompanied by a notice indicating that these interim financial statements have not been reviewed by an auditor.

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

King's Bay Resources Corp.
Condensed Interim Statements of Financial Position
Expressed in Canadian dollars
(Unaudited – prepared by management)

		June 30, 2021		December 31, 2020
Assets				
Current				
Cash	$	**70,720**	$	3,187
GST and other receivables		**7,830**		1,532
Prepaid expenses		**121,046**		-
	$	**199,596**	$	4,719
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**25,905**	$	477,305
Subscription received		**-**		25,000
Convertible promissory notes payable (Note 6d)		**-**		116,369
		25,905		618,674
Shareholders' Equity				
Share capital (Note 6b)		**20,713,690**		19,865,083
Equity portion of convertible notes (Note 6d)		**-**		57,324
Reserves (Note 7)		**424,250**		424,250
Deficit		**(20,964,249)**		(20,960,612)
		173,691		(613,955)
	$	**199,596**	$	4,719

Note 2 – Going concern
Note 11 – Subsequent events

Approved and authorized by the Board of Directors on August 23, 2021:

"Kevin Bottomley" — President, Director

"Nathan Tribble" — Director

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

King’s Bay Resources Corp.

Condensed Interim Statements of Operations and Comprehensive Loss
Expressed in Canadian dollars
(Unaudited – prepared by management)

	Three months ending June 30, 2021	Three months ending June 30, 2020	**Six months ending June 30, 2021**	Six months ending June 30, 2020
Expenses				
Accounting and audit fees	**$ 12,000**	$ 2,000	**$ 24,000**	$ 2,000
Accretion (Note 6(d))	**-**	8,580	**2,192**	17,160
Administrative fees (Note 10)	**-**	37,500	**-**	75,000
Advertising and promotion	**6,681**	360	**6,920**	360
Filing fees	**4,590**	7,363	**13,222**	7,979
Legal expenses	**2,851**	6,094	**8,885**	10,998
Office expenses	**605**	913	**868**	1,322
Salaries and consulting fees (Note 8)	**-**	31,500	**-**	75,000
Travel and meals	**-**	509	**-**	2,053
	26,727	94,819	**56,087**	19,872
Other income				
Extinguish gain (Note 6d)	**-**	-	**52,450**	-
Net loss and comprehensive loss	**26,727**	94,819	**3,637**	191,872
Basic and diluted loss per share	**$ (0.00)**	$ (0.01)	**$ (0.00)**	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	**23,971,815**	6,881,015	**12,780,852**	6,881,015

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

King's Bay Resources Corp.

Condensed Interim Statements of Changes in Equity
For the six months ended June 30, 2021 and 2020
Expressed in Canadian dollars
(Unaudited – prepared by management)

	Number of Shares	Share Capital $	Reserves $	Equity portion of convertible note $	Deficit $	Total $
Balance, December 31, 2019	**6,881,015**	**19,865,083**	**424,250**	**19,731**	**(20,623,443)**	**(317,379)**
Net loss for the period	-	-	-	-	(191,872)	(191,872)
Balance, June 30, 2020	**6,881,015**	**19,865,083**	**424,250**	**19,731**	**(20,815,315)**	**(506,251)**

	Number of Shares	Share Capital $	Reserves $	Equity portion of convertible note $	Deficit $	Total $
Balance, December 31, 2020	**6,881,015**	**19,865,083**	**424,250**	**57,324**	**(20,960,612)**	**(613,955)**
Shares issued for cash (Note 6b)	12,300,000	615,000	-	-	-	615,000
Shares issued for debt (Note 6b)	4,790,800	239,540	-	-	-	239,540
Share issuance costs	-	(5,933)	-	-	-	(5,933)
Equity portion of convertible notes (Note 6d)	-	-	-	(57,324)	-	(57,324)
Net loss for the period	-	-	-	-	(3,637)	(3,637)
Balance, June 30, 2021	**23,971,815**	**20,713,690**	**424,250**	**-**	**(20,964,249)**	**173,691**

King’s Bay Resources Corp.
Condensed Interim Statements of Cash Flows
For the six months ended June 30, 2021 and 2020
Expressed in Canadian dollars
(Unaudited – prepared by management)

		2021		2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:				
Net (loss) for the period	**$**	**(3,637)**	$	(191,872)
Adjustments for items not involving cash:				
Accretion expense		**2,192**		17,160
Extinguish gain		**(52,450)**		-
Changes in non-cash operating working capital:				
GST receivable		**(6,298**		(1,507)
Subscriptions payable		**(25,000)**		-
Prepaid expenses		**(121,046)**		-
Accounts payable and accrued liabilities		**(211,860)**		176,414
Net cash flows from (used in) operating activities		**(418,099)**		195
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:				
Shares issued for cash		**615,000**		-
Share issuance costs		**(5,933)**		-
Convertible promissory notes		**(123,435)**		-
Net cash flows from investing activities		**485,632**		-
INCREASE (DECREASE) IN CASH		**67,533**		195
Cash and cash equivalents, beginning of period		**3,187**		-
Cash and cash equivalents, end of period	**$**	**70,720**	$	195

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

1. NATURE OF OPERATIONS

King's Bay Resources Corp. ("King's Bay" or the "Company") was incorporated in Canada pursuant to the *Canada Business Corporations Act* on March 20, 1998. The Company is a public company listed on the NEX board of the TSX Venture Exchange in Canada with the symbol "KBG-H". The Company has been in the business of acquiring, exploring, developing and evaluating mineral resource properties since incorporation.

On January 29, 2019, the Company incorporated a subsidiary company in Nevada, King's Bay Holdings (USA) Corp. The Company owns 100% of the issued and outstanding shares of the subsidiary. On January 27, 2020, the Company dissolved the subsidiary company.

On March 29, 2019, the Company entered into an arm's length agreement to acquire all of the issued and outstanding equity of S&S Company, LLC ("S&S"), which owns and operates the licensed S&S California cannabis production and extraction lab ("Proposed Transaction"). This Proposed Transaction was approved by the shareholders at the Annual and Special Meeting on October 10, 2019, to complete the Company's business focus from exploration and evaluation of mineral resources to production and extraction of cannabis. Due to the downturn in the Cannabis markets, it was not possible to the secure financing and in March 2020, the parties mutually agreed to terminate the agreement. As a result, the Company wrote off the $147,328 loaned to S&S towards acquisition expenses that was unsecured and interest-free. The Company's shares have been transferred from Tier 2 to the NEX board effective April 20, 2020 while the Company concentrates on finding a new business opportunity to acquire or develop.

On January 22, 2021, the Company consolidated their shares on a 10:1 basis. All share values in these financial statements are shown as post-consolidated values.

The head office, principal address and registered and records office of the Company are located at Suite 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

2. GOING CONCERN

The Company has not generated any revenues and has a net loss of $3,637 during the six months ended June 30, 2021 (December 31, 2020 – $337,169 loss) and accumulated losses of $20,964,249 (December 31, 2020 – $20,960,612) since inception. As at June 30, 2021, the Company has working capital of $173,691 (December 31, 2020 – $613,955 deficit). These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to continue operations, the attainment of profitable mining operations. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. The conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Company is not expected to be profitable during the ensuring twelve months and therefore must rely on securing additional funds from either debt or equity financings for cash consideration. While the Company is expanding its best efforts to achieve the continued financing, there is no assurance that any such activity will generate sufficient funds for future operations.

2. GOING CONCERN - continued

Early in 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

3. BASIS OF PRESENTATION

Statement of Compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Preparation

Prior to January 27, 2020, the Company's financial statements included the accounts of its subsidiary, King's Bay Holdings (USA) Corp. All intercompany transactions and balances and unrealized gains and losses from intercompany transactions were eliminated upon consolidation. The subsidiary was dissolved on January 27, 2020.

Approval of the Financial Statements

The condensed interim financial statements of King's Bay Resources Corp. for the six months ended June 30, 2021, were authorized for issue in accordance with a resolution of the directors on August 23, 2021.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - continued

Estimates and assumptions

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The inputs used in assessing the recoverability of deferred tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income.
- The assumptions and inputs used in calculating the fair value of the liability portion of the convertible promissory notes payable.

Management judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

- Going concern
  Significant judgments used in the preparation of these financial statements include, but are not limited to those relating to the assessment of the Company's ability to continue as a going concern.

5. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 5 of the financial statements for the year ended December 31, 2020. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020.

6. SHARE CAPITAL

a) Authorized: Unlimited Class A common voting shares with no par value, and
Unlimited Class B common non-voting shares with no par value

b) Issued and Outstanding:

On January 22, 2021, the Company consolidated its shares on a 10:1 basis. All shares shown in these financial statements are at their post-consolidated value. As at June 30, 2021, the Company had 23,971,815 (December 31, 2020 – 6,881,015) shares issued and outstanding.

On February 24, 2021, the Company closed a non-brokered private placement financing (the "Financing"), issuing 12,300,000 units (each, a "Unit") at a price of $0.05 per Unit for gross proceeds of $615,000. Each Unit consists of one common share (each, a "Share") and one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share at a price of $0.10 per Share until February 24, 2022. No finder's fees were issued pursuant to the Financing.

On February 24, 2021, the Company issued a total of 4,790,800 common shares at a deemed price of $0.05 per common share to certain creditors pursuant to certain debt settlement agreements (the "Debt Settlement"). The securities issued under the Debt Settlement are subject to a statutory hold period expiring on June 25, 2021. In addition, 850,000 of the Debt Settlement shares are subject to added hold periods such that 90% are released as to 15% every 6 months commencing August 24, 2021 until the full 90% has been released after 36 months. An Insider of the Company received an aggregate of 815,800 shares under the Debt Settlement.

Expressed in Canadian dollars

6. SHARE CAPITAL

c) Warrants

A summary of the Company's outstanding warrants as at June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021			December 31, 2020		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of period	-	$	-	1,834,179	$	1.00
Issued	12,300,000		0.10	-		-
Expired	-		-	(1,834,179)		1.00
Balance, end of period	12,300,000	$	0.10	-	$	-

d) Convertible Promissory Notes Payable

On August 8, 2019, the Company closed its private placement offering of unsecured convertible notes for gross proceeds of $142,500 from several parties, including two directors of the Company. The loans are unsecured, carry an interest rate of 12% and is due August 8, 2020. The loans are convertible into units at a price of $0.20 per unit. Each unit consists of one common share and one share purchase warrant exercisable for 2 years. Each warrant may be exercised for one common share at a price of $0.35 per share if exercised in the first year and $0.60 per share if exercised in the second year. On August 8, 2020, the Company extended the convertible date of the notes for an additional 12 months.

The initial fair value of the principal portion of the Convertible Debenture was determined using a market interest rate for an equivalent non-convertible instrument at the issue date. The principal portion is subsequently recognized on an amortized cost basis until extinguished on conversion or maturity. The remainder of the proceeds are allocated to the conversion option.

On initial recognition, the unsecured convertible notes of $142,500 were broken down into the following financial components: a financial liability of $122,769 and an equity instrument of $19,731.

During the year ended December 31, 2020, the Company and investors mutually agreed to modify certain terms of the Convertible Debenture. The modifications were assessed to be substantial and therefore accounted for as an extinguishment of the original financial liabilities and recognition of a new financial liability. The Company recognized an extinguish loss of $11,397, a new equity portion of the modified convertible debentures of $37,593, and accretion expense of $32,240.

On February 28, 2021, the Company and investors mutually agreed to cancel their convertible notes. Two of the convertible note holders received the principal and interest payable on February 28, 2021, while the remaining holders all waived the interest payable and their initial investment was returned. The Company recognized an extinguish gain of $52,450, reversed the equity portion of the convertible debentures of $57,324, and accretion expense of $2,192.

Expressed in Canadian dollars

7. SHARE-BASED PAYMENTS

Options

The Company has a Stock Option Plan (the "Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. At the Company's Annual and Special General Meeting on October 10, 2019, the shareholders approved the "2019 Stock Option Plan", and set the number of options granted under the Plan to not exceed 10% of the issued and outstanding shares. Options granted to employees vest fully on grant. Options issued to investor relations consultants vest in stages over 12 months with one quarter of the options vesting in any three-month period.

The following is a summary of movements in the number of share options outstanding and their related weighted average exercise prices under the Company's stock option plan for the six months ended June 30, 2021 and the year ended December 31, 2020:

	June 30, 2021		**December 31, 2020**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	132,500	$ 1.00	132,500	$ 1.00
Cancelled/Expired	-	-	-	-
Balance, end of period	132,500	$ 1.00	132,500	$ 1.00

The following stock options were outstanding and exercisable as at June 30, 2021:

Expiry Date	Exercise Price	**June 30, 2021** Number of Options Outstanding and Exercisable
September 27, 2022	$1.00	132,500

8. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2021 and 2020, the Company incurred the following transactions to officers or directors of the Company or companies with common directors:

Key management compensation	**June 30, 2021** **$**	**June 30, 2020** **$**
Accounting fees	24,000	-
Salaries and benefits	-	51,000

At June 30, 2021, $nil (December 31, 2020 - $81,690) is due to related parties which has been included in accounts payable. During the six months ended June 30, 2021, a director received an aggregate of 815,800 shares under the Debt Settlement with a deemed price of $0.05 per share (see Note 6b).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. The amounts due are unsecured, non-interest bearing, and have no specific terms of repayment.

9. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

(b) 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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

(c) 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 has cash balances and is not exposed to any significant interest rate risk.

(d) Capital management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at June 30, 2021, the Company's shareholders' equity was $173,691 (December 31, 2020 – $613,955 deficit). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues and cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

9. FINANCIAL RISK MANAGEMENT - continued

(e) Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The level in the fair value hierarchy within which the financial asset is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The cash is grouped into level 1 and convertible promissory notes payable is grouped into level 2 as at June 30, 2021 and December 31, 2020. The principal portion of the convertible debenture is carried at amortized cost.

Financial instruments that are not measured at fair value on the balance sheet are represented by accounts payable and accrued liabilities and subscription received. The fair value of these financial instruments approximates their carrying value due to their short-term nature.

10. MANAGEMENT SERVICE FEE

On January 1, 2020, the Company signed a Management Services Agreement with Zimtu to provide management and administrative services at a rate of $12,500 per month, expiring December 31, 2020. The Company and Zimtu mutually cancelled the agreement effective October 31, 2020.

11. SUBSEQUENT EVENTS

a) The Company continues to work towards finding a new business opportunity to acquire or develop.