TITAN MINING CORPORATION
CONDENSED CONSOLIDATED INTRERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated 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 the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity's auditor.

TITAN MINING CORPORATION

Condensed Consolidated Interim Statement of Financial Position

(Expressed in thousands of US dollars - Unaudited)

	Notes	March 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		$ 5,882	$ 7,502
Trade and other receivables	6	2,626	1,313
Inventories	7	3,452	3,127
Other current assets		1,135	1,039
		13,095	12,981
Non-current assets			
Mineral properties, plant and equipment	8	60,189	63,378
Right-of-use assets	9a	647	786
Restricted cash		1,752	1,751
Total assets		**$ 75,683**	**$ 78,896**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 3,720	$ 4,444
Lease liabilities	9b	432	508
Debt	10	71	10,172
Acquisition obligations	12b	1,025	1,025
		5,249	16,149
Non-current liabilities			
Loan from related party	11a	24,836	24,282
Lease liabilities	9b	229	292
Debt	10	12,423	2,442
Other payables	11c	149	171
Reclamation and remediation provision		17,312	17,919
Total liabilities		60,198	61,255
Shareholders' equity			
Equity attributable to shareholders of the Company			
Share capital		61,076	61,076
Reserves		5,702	6,722
Deficit		(51,293)	(50,157)
Total equity		15,485	17,641
Total liabilities and shareholders' equity		**$ 75,683**	**$ 78,896**

Nature of operations and going concern (Note 1)

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

TITAN MINING CORPORATION
Condensed Consolidated Interim Statement of Loss and Other Comprehensive Loss
(Expressed in thousands of US dollars - Unaudited)

	Notes	Three Months ended March 31, 2021	2020
Revenue	4	$ 10,945	$ 5,780
Cost of Sales			
Operating expenses		7,903	7,078
Depreciation and depletion		2,679	2,239
		10,582	9,317
Earnings (loss) from mine operations		**363**	**(3,537)**
Exploration and evaluation expenses	5b	1,475	625
General and administration expenses	5a	669	665
Interest and other finance expenses	10a, 11a	636	754
Accretion expense		(17)	6
Interest income		(7)	(6)
Foreign exchange loss (income)		(1,245)	2,861
Other income		(12)	(77)
		1,499	4,828
Net loss for the period		**1,136**	**8,365**
Other comprehensive (gain) loss			
Items that may be reclassified to profit or loss			
Unrealized (gain) loss on translation to reporting currency		1,131	(2,828)
Total comprehensive loss for the period		**$ 2,267**	**$ 5,537**
Basic and diluted loss per share (in US $)		**$ 0.01**	**$ 0.07**
Weighted average shares outstanding (in '000)		**138,978**	**122,971**

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

TITAN MINING CORPORATION
Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in thousands of US dollars - Unaudited)

		Share capital				Reserves								
	Notes	Number ('000s)		Amount		Share options and warrants		Currency translation adjustment		Total		Deficit		Total equity
Balances, January 1, 2020, as previously reported		122,971	$	56,704	$	5,878	$	(903)	$	4,975	$	(36,489)	$	25,190
Shares and share purchase warrants issued in private placements		16,008		4,372		1,616		-		1,616		-		5988
Share based compensation		-		-		520		-		520		-		520
Issue of share purchase warrants		-		-		291		-		291		-		291
Total comprehensive loss for the period		-		-		-		(680)		(680)		(13,668)		(14,348)
Balance, December 31, 2020		138,979	$	61,076	$	8,305	$	(1,583)	$	6,722	$	(50,157)	$	17,641
Share based compensation		-		-		111		-		111		-		111
Total comprehensive loss for the period		-		-		-		(1,131)		(1,131)		(1,136)		(2,267)
Balance, March 31, 2021		138,979	$	61,076	$	8.416	$	(2,714)	$	5,702	$	(51,293)	$	15,485

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

TITAN MINING CORPORATION
Condensed Consolidated Interim Statement of Cash Flows
(Expressed in thousands of US dollars - Unaudited)

	Notes		Three Months ended March 31 2021	2020
Operating activities				
Loss for the period		$	(1,136)	(8,365)
Accretion expense			(17)	6
Amortization of borrowing and transaction costs	11a		60	159
Depreciation and depletion of mineral property, plant and equipment	8		2,679	2,239
Depreciation of right-of-use assets	9c		113	96
Interest and borrowing expense accruals			579	588
Interest (income) expense on lease liabilities	9c		11	(8)
Interest income accrual on restricted cash			(4)	(3)
Stock-based compensation			111	120
Unrealized foreign exchange (gain) loss			(16)	2,721
			2,380	(2,447)
Changes in non-cash working capital				
Trade and other receivables			(1,338)	638
Inventories			(7)	114
Other current assets			(95)	300
Change of equipment loan			61	-
Accounts payable and accrued liabilities			(1,062)	(67)
Net cash used in operating activities			(61)	(1,462)
Financing activities				
Proceeds from related party loan	11a		-	1,000
Payment of interest, borrowing and transaction costs	11a		(130)	(219)
Payment of lease liabilities	9d		(123)	(110)
Repayment of equipment loans			(95)	(6)
Net cash (used) provided by financing activities			(348)	665
Investing activities				
Additions to mineral properties, plant and equipment			(80)	(488)
Net cash used by investing activities			(80)	(488)
Effect of foreign exchange on cash and cash equivalents			(1,131)	112
Decrease in cash and cash equivalents			(1,620)	(1,173)
Cash and cash equivalents, beginning of period			7,502	1,709
Cash and cash equivalents, end of period		$	**5,882**	**536**

The notes form an integral part of these unaudited condensed consolidated Interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Titan Mining Corporation ("Titan" or the "Company") was incorporated on October 15, 2012 under the laws of British Columbia and is a natural resources company engaged in the acquisition, exploration, development and production of mineral properties. The Company holds a 100% indirect ownership interest in the Empire State Mine in Northern New York State, United States.

The Company's common shares are listed on the Toronto Stock Exchange and trade under the symbol "TI". The Company's head office is located at 555–999 Canada Place, Vancouver, BC, Canada V6C 3E1.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. These consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary should the going concern assumption prove to be inappropriate, and these adjustments could be material.

As at March 31, 2021, the Company had cash and cash equivalents of $5,882, working capital of $7,846, a net loss for the three months ended March 31, 2021 of $1,136 and a deficit of $51,293. During the first quarter ended March 31, 2021 the Company had cash outflows from operating activities of $61 and cash outflow from financing activities of $348.

Based on the Company's plan for Empire State Mine's operations and continued exploration drilling programs, and its current level of corporate overheads, the Company will require additional funding within the next twelve months. The Company has historically raised funds principally through the sale of securities and most recently, through the credit arrangement and advances from a related party. The Company expects that it will continue to obtain funding through similar or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. This material uncertainty casts significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS"). Accordingly, they do not include all the information and notes to the consolidated financial statements required by IFRS for complete financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements.

On May 14, 2021, the Company's Board of Directors approved these condensed consolidated interim financial statements for issuance.

b) Basis of presentation

The accounting policies used in the preparation of these financial statements are the same as those applied in the Company's most recent audited consolidated annual financial statements for the year ended December 31, 2020.

c) Use of judgments and estimates

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred by the Company may differ from these values.

(Expressed in thousands of US dollars, unless otherwise indicated)

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2020.

COVID-19 Pandemic

During the first quarter of 2020 and subsequent to March 31, 2021, the COVID-19 pandemic has had a material impact on the global economy, the scale and duration of which remain uncertain. In March 2020, New York State Governor Cuomo issued Executive Orders requiring on site business premises workforce reductions followed by business closures for non-essential businesses. ESM took steps to reduce employee exposure to COVID-19 including, social distancing, cancellation of travel, limiting non-essential visitors and vendors, administrative staff working from home, limiting the number of personnel in meetings and shaft cages, and rearranging staff schedules such that no more than 50% of the workforce was on site at any one time. Precautionary adjustments to employee schedules and work locations relating to the COVID-19 pandemic made during the first quarter of 2020 were lifted by the end of the first quarter of 2021. Depending on the duration and extent of the impact of COVID-19, the pandemic could materially impact the Company's results of operations, cash flows and financial condition and could result in material impairment charges to the Company's property, plant and mine development and Inventories.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2020.

4. REVENUES

	Three months ended March 31,	
	2021	2020
Zinc concentrate sales	$ 14,863	$ 10,048
Zinc concentrate provisional pricing adjustments	(17)	(1,456)
Smelting and refining charges	(3,901)	(2,812)
Revenue, net	$ 10,945	$ 5,780

Zinc concentrate provisional pricing adjustments consist of provisional and final pricing adjustments made prior to the finalization of the sales contract.

(Expressed in thousands of US dollars, unless otherwise indicated)

5. OTHER OPERATING EXPENSES

a) General and administration expenses

		Three months ended March 31, 2021		2020
Salaries and benefits	$	328	$	389
Share-based compensation		99		108
Office and administration		91		33
Professional fees		33		21
Amortization of right-to-use assets		113		96
Investor relations		5		18
	$	669	$	665

b) Exploration and evaluation expenses

		Three months ended March 31, 2021		2020
Salaries and benefits	$	272	$	172
Drilling		513		-
Assay and analyses		19		93
Contractor and consultants		351		319
Supplies		263		3
Other		57		38
	$	1,475	$	625

		Three months ended March 31, 2021		2020
Empire State Mines		466	$	617
Mineral Ridge Project		1,000		-
Apache Hills Project		9		8
Exploration and Evaluation Expenses	$	1,475	$	625

Mineral Ridge Project

The Company signed an option agreement on the Mineral Ridge Property located in Esmeralda County, Nevada from Scorpio Gold Corporation ("Scorpio") through its US affiliates on August 31, 2020. The Mineral Ridge Property is a fully permitted mine and mill operation comprised of approximately 14,000 acres of patented, fee-owned, and unpatented mining claims which include certain water rights. Historically, the property has produced approximately 1 million ounces of gold from underground and open pit mining operations.

The option agreement requires Titan to spend $35,000 in staged expenditures over a period of 5 years to earn 80% ownership interest in Mineral Ridge Gold LLC ("MRG"), an indirect subsidiary of Scorpio Gold which currently holds all of the mineral rights and water rights comprising the Mineral Ridge Property. In addition to the Earn-in Option, Titan will have the right to acquire 100% interest in MRG upon spending $7,000 by January 1, 2022 and making a cash payment of $35,000 on or before December 31, 2022. Scorpio may continue its gold recoveries from the heap leach operations on the Mineral Ridge Property for its own account until the earlier of December 31, 2021 and the date that Scorpio extracts a further 3,200 ounces of gold, with 25% of the proceeds of such operation, net of operating costs, to be held in a trust account for the benefit of Titan, subject to Titan exercising either the Earn-in Option or the Purchase Option. If Titan does not exercise the Earn-in Option or the Purchase Option, the funds in the trust account will be released to MRG.

(Expressed in thousands of US dollars, unless otherwise indicated)

As of March 31, 2021, total expenditures on the Project were $2,974.

Concurrent with the signing of the option agreement, Augusta Investments Inc. ("Augusta"), a company beneficially held by the Company's Executive Chairman subscribed to a private placement in Scorpio for an aggregate subscription price of $4,645. The investment in Scorpio resulted in a greater than 20% holding in the company and a board appointment right as long as Augusta maintains 10% ownership.

6. TRADE AND OTHER RECEIVABLES

		March 31, 2021		December 31, 2020
Trade receivables	$	2,595	$	1,233
GST receivable		18		35
Advances to related party		13		45
	$	2,626	$	1,313

7. INVENTORIES

		March 31, 2021		December 31, 2020
Ore in stockpiles	$	352	$	126
Concentrate stockpiles		552		709
Materials and supplies		2,548		2,292
	$	3,452	$	3,127

(Expressed in thousands of US dollars, unless otherwise indicated)

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Mineral properties	Plant and equipment	Land	Construction in progress	Total
Cost					
As at January 1, 2020	$ 3,695	$ 31,440	$ 1,081	$ 42,923	$ 79,139
Construction in progress allocation	42,923	-	-	(42,923)	-
Additions	95	456	-	-	551
Change in reclamation and remediation provision	-	1,980	-	-	1,980
As at December 31, 2020	$ 46,713	$ 33,876	$ 1,081	$ -	$ 81,670
Additions	-	-	-	80	80
Change in reclamation and remediation provision	-	(590)	-	-	(590)
As at March 31, 2021	$ 46,713	$ 33,286	$ 1,081	$ 80	$ 81,160
Accumulated depreciation					
As at January 1, 2020	354	8,192			8,546
Depreciation and depletion	4,989	4,757	-	-	9,746
As at December 31, 2020	5,343	$ 12,949	$ -	$ -	$ 18,292
Depreciation and depletion	1,445	1,234	-	-	2,679
As at March 31, 2021	$ 6,788	$ 14,183	$ -	$ -	$ 20,971
Net book value at December 31, 2020	$ 41,370	$ 20,927	$ 1,081	$ -	$ 63,378
Net book value at March 31, 2021	$ 39,925	$ 19,103	$ 1,081	$ 80	$ 60,189

Effective January 1, 2020, the Company declared commercial production at Empire State Mines. As such, assets and depreciation previously capitalized to construction in progress was reclassed to mineral properties. The Company began depreciating these assets and expensing them to cost of sales over their estimated useful lives during the year ended December 31, 2020 and the first quarter ended March 31, 2021.

9. LEASES

a) Right-of-use assets

	Office space	Equipment	Total
As at January 1, 2020	252	133	385
Additions	-	744	744
Changes to lease terms	(25)	-	(25)
Depreciation	(123)	(195)	(318)
As at December 31, 2020	104	682	786
Changes to lease terms	(26)	-	(26)
Depreciation	(20)	(93)	(113)
As at March 31, 2021	58	589	647

The Company shares office space with other companies related to it by virtue of certain directors and management in common. During the three months ended March 31, 2021, there were changes to the amount of office space attributable to the Company as reflected in changes in lease terms in the table above.

(Expressed in thousands of US dollars, unless otherwise indicated)

b) Lease liabilities

	Office space	Equipment	Total
As at January 1, 2020	276	141	417
Additions	-	744	744
Changes to lease terms	(25)		(25)
Interest accretion	16	11	27
Unrealized foreign exchange	(6)		(6)
Lease payments	(147)	(210)	(357)
As at December 31, 2020	114	686	800
Changes to lease terms	(25)	-	(25)
Interest accretion	2	10	12
Unrealized foreign exchange	(1)	-	(1)
Lease payments	(26)	(99)	(125)
As at March 31, 2020	64	597	661
Current lease liabilities	61	371	432
Non-current lease liabilities	3	226	229
	64	597	661

The maturity analysis of the Company's contractual undiscounted lease liabilities as at March 31, 2021 is as follows:

	< 1 year	1 to 3 years	> 3 years	Total
Lease liabilities	458	233	-	691

c) Amounts recognized in Statement of Loss

	Three months ended March 31, 2021	
Interest on lease liabilities	$	12
Depreciation of right-of-use assets	$	113
Variable lease payments	$	9
Expenses relating to short-term leases	$	34

d) Amounts recognized in Statement of Cash Flows

	Three months ended March 31, 2021	
Payment of lease liabilities	$	123
Variable lease payments	$	9
Expenses relating to short-term leases	$	34

10. DEBT

a) Bank indebtedness

On January 21, 2019, the Company and the Bank of Nova Scotia ("Lender") amended the $15,000 secured credit agreement (the "Credit Facility") whereby a maximum of $10,000 (the "Available Credit") was available to the Company on a revolving basis. Prior to March 31, 2019, the Lender was permitted to reduce the maximum amount available to $6,000, subject to the business and financial plan provided by the Company. The interest rate on the Available Credit is either LIBOR plus 4.25% or the Lender's base rate plus 3.25%, and the standby fee is 0.8% of the unadvanced portion of the Credit Facility. If the amount available is reduced to $6,000, the interest rate changes to LIBOR plus 2.25% or the Lender's base rate plus 1.25%, and the standby fee is 0.5625% of the unadvanced portion of the Credit Facility. A $6,000 guarantee was provided by a company controlled by Titan's Executive Chairman.

On May 31, 2019, the Company and the Lender further amended the Credit Facility whereby the Available Credit limit continues as $10,000 and the maturity date was extended to April 3, 2021. The interest rate on the Available Credit was changed to LIBOR plus 2.25% or the Lender's base rate plus 1.25%. In addition, the financial covenant requirement on the Credit Facility was removed.

In connection with the amendment, a $10,000 guarantee has been provided by a company controlled by Titan's Executive Chairman (the "Guarantor"), replacing the original $6,000 guarantee. In consideration for the guarantee, the Company issued 3,000,000 common shares with a fair value of $979 and 3,000,000 share purchase warrants with each warrant exercisable for one common share at price of $0.50 per share for a period of five years from the date of issuance with a fair value of $543 at the guarantee effective date for a total fair value of $1,522 recorded as borrowing costs. Such common shares and share purchase warrants were issued on June 14, 2019. The fair market values on the issuance date were $919 and $493, respectively. The difference of $110 was recorded as a gain on derivative liability during the year ended December 31, 2019.

As a result of the amendment, the Company extinguished the face value of the loan prior to the amendment and recorded the fair value of the new loan as at May 31, 2019. A $1,702 loss on the extinguishment of debt was recorded during the year ended December 31, 2019.

On January 8, 2021, the Company and the Lender further amended the $15,000 Credit Facility whereby the Available Credit limit continues as $10,000 and the maturity date was extended to April 3, 2022.

As at March 31, 2021, the Available Credit was fully drawn and the carrying value was as follows:

(Expressed in thousands of US dollars, unless otherwise indicated)

	Principal	Interest and borrowing costs	Total
Balance, January 1, 2020	$ 10,000	$ 161	$ 10,161
Accrued interest and borrowing costs	-	348	348
Accrued interest and borrowing costs paid	-	(416)	(416)
Balance, December 31, 2020	$ 10,000	$ 93	$ 10,093
Accrued interest and borrowing costs	-	63	63
Accrued interest and borrowing costs paid	-	(130)	(130)
Balance, March 31, 2021	$ 10,000	$ 26	$ 10,026

	As at Mar 31, 2021	As at Dec 31, 2020
Current	$ 26	$ 10,093
Non-current	10,000	-
	$ 10,026	$ 10,093

b) Equipment loans

The Company financed the purchase of equipment with 36-month loans that bear interest at 5.95%. In March 2019, the Company returned two pieces of the financed equipment and used the proceeds to eliminate the outstanding balance of the equipment loans.

In March 2019, the Company financed the purchase of maintenance software. This loan has a term of 36 months and is non-interest bearing.

Equipment loan balance as of March 31, 2021 was:

	March 31, 2021	December 31, 2020
Current	$ 22	$ 79
Non-current	14	16
	$ 36	$ 95

c) Paycheck Protection Program loan ("PPP")

On April 21, 2020, the Company's wholly owned subsidiary Empire State Mines, LLC applied for and received a loan totaling $2,409 under the U.S. Small Business Administration Paycheck Protection Program. Proceeds from this program have been used to assist U.S. small businesses during the COVID-19 pandemic in an effort to keep employees on the payroll and to contribute to utilities, rent and mortgage costs. The loan has a maturity of two years and an interest rate of 1%. The loan will be fully forgiven if the funds are used for payroll and utilities costs and at least 60% of the forgiven amount is used for payroll and full-time equivalent employees remain on payroll during the eight-week period following the receipt of the funds. Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Due to changes in the program, the original agreement was amended September 16, 2020 such that if loan forgiveness is applied for within ten months of the six-month deferral period, no principal or interest payments are required while the loan forgiveness application is being reviewed. The Company submitted the application for loan forgiveness in October 2020. As at March 31, 2021, it was still under review.

(Expressed in thousands of US dollars, unless otherwise indicated)

		Principal		Interest and borrowing costs		Total
Proceeds	$	2,409	$	-	$	2,409
Accrued interest		-		23		23
Balance, March 31, 2021	$	2,409	$	23	$	2,432

11. RELATED PARTY TRANSACTIONS

a) Loan from related party

On November 30, 2018, the Company entered a credit agreement with a company controlled by Titan's Executive Chairman, to establish a $18,710 subordinate general security credit facility ("Loan"). The initial advance of $3,710 bears interest at 8% per annum and advances on the subsequent $15,000 bear interest at a floating rate equal to 7% plus the greater of (i) LIBOR and (ii) 1%, per annum. Interest is payable in cash or shares of the Company. The Loan is subject to mandatory prepayment if the Company closes one or more financings that exceeds $30,000 in the aggregate or upon the occurrence of a change of control of the Company. The Loan is a non-revolving facility, and any repayment under the Loan shall not be re-borrowed. The Company is subject to certain general covenants with respect to the Loan.

Pursuant to the Loan, the Company was required to issue the related party 2,500,000 warrants. Each warrant entitles the holder to acquire one common share at a price of C$1.40 per share.

On January 21, 2019, the Company issued 2,500,000 warrants to a company controlled by Titan's Executive Chairman pursuant to the credit agreement. The fair market value of these warrants was $1,099 as at December 31, 2018 and was recorded as a warrant derivative liability and borrowing costs. The fair market value on the issuance date on January 21, 2019 was $1,028. The difference between December 31, 2018 and the issuance date was recorded as a gain on derivative liability of $71 during the year ended December 31, 2019.

On August 21, 2019, the Company entered an addendum to its Loan which made an additional $1,000 available to the Company under the same terms as the original agreement. As such, the Loan was increased to a total of $19,710.

On February 6, 2020, the Company was advanced an additional $1,000 under the same terms as the original agreement. As such, the Loan was increased to a total of $20,710.

On October 13, 2020, the Company repriced 2,500,000 warrants held by a company controlled by Titan's Executive Chairman in connection with the Credit Agreement between the Company and the lender pursuant to which the lender advanced to the Company a second-ranking secured non-revolving credit facility of up to $20,710. The exercise price of the warrants was repriced from C$1.40 to C$0.75. In consideration for the repricing, the due date for repayment of the Facility was extended by one additional year from November 30, 2020 to November 30, 2021. On December 31, 2020 the lender agreed to extend the term of the credit facility to April 5, 2022. An extension fee of $71 was paid by the Company and was recorded in the consolidated statement of loss and other comprehensive loss for the period ended December 31, 2020. $291 was recorded as an incremental borrowing cost related to the warrant repricing of the credit agreement which will be amortized over the remaining term of the agreement. As at March 31, 2021, the balance of this incremental borrowing cost was $278 after the loan extension.

A summary of the carrying value was as follows:

(Expressed in thousands of US dollars, unless otherwise indicated)

	Principal	Interest and borrowing costs	Total
Balance, January 31, 2020	19,710	1,383	21,093
Proceeds received	1,000	-	1,000
Accrued Interest	-	1,936	1,936
Repricing of warrant		(291)	(291)
Loan extension	-	(100)	(100)
Amortization of borrowing costs	-	644	644
Balance, December 31, 2020	$ 20,710	$ 3,572	$ 24,282
Accrued Interest	-	494	494
Amortization of borrowing costs	-	60	60
Balance, March 31, 2021	$ 20,710	$ 4,126	$ 24,836

	March 31, 2021	December 31, 2020
Current	$ -	$ -
Non-current	24,836	24,282
	$ 24,836	$ 24,282

b) Management company

The Company shares office space, equipment, personnel, consultants and various administrative services with other companies related by virtue of certain directors and management in common. These services have been provided through a management company equally owned by each company party to the arrangement. Costs incurred by the management company are allocated and funded by the shareholders of the management company based on time incurred and use of services. If the Company's participation in the arrangement is terminated, the Company will be obligated to pay its share of the rent payments for the remaining term of the officed space rental agreement. The Company's obligation for future rental payments on March 31, 2021 was approximately $101, determined based on the Company's average share of rent paid in the immediately preceding 12 months. The Company has $183 of other assets classified as property, plant and equipment in connection with this arrangement.

The Company was charged for the following with respect to this arrangement in the three months ended March 31, 2021.

	Three months ended March 31, 2021	2020
Salaries and benefits	$ 179	$ 129
Office and other	42	80
Marketing and travel	2	6
	$ 223	$ 215

(Expressed in thousands of US dollars, unless otherwise indicated)

At March 31, 2021, due to related parties includes $nil (December 31, 2020- $nil) with respect to this arrangement.

c) Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprises the Company's Executive Chairman, Chief Executive Officer, President, Chief Financial Officer and Directors.

	Three months ended March 31, 2021	2020
Salaries and benefits	$ 166	$ 289
Share-based compensation	79	90
Directors' fees	38	50
	$ 283	$ 429

	As at March 31, 2021	As at December 31, 2020
Salaries and benefits payable	$ 437	$ 432
Director fees payable	-	115
Termination benefits payable – current	123	123
Termination benefits payable – non-current	149	171
	$ 709	$ 841

d) Scorpio Gold Corporation

Refer to Note 5(b).

12. CONTINGENCIES

a) On December 30, 2016, pursuant to a purchase agreement between Titan Mining (US) Corporation (a wholly owned US subsidiary of the Company), Star Mountain Resources, Inc., Northern Zinc, LLC, and certain other parties (the "Purchase Agreement"), Titan (US) Corporation acquired from Northern Zinc 100% of the issued and outstanding shares of Balmat Holdings Corp. St. Lawrence Zinc Company, LLC, which owned the Empire State Mine, was a wholly owned subsidiary of Balmat Holdings Corp.

On or about March 12, 2018, the Company received a letter from legal counsel to SGS Acquisition Company Limited ("SGS") dated March 9, 2018. The letter states that in 2016 SGS filed an action in the US District Court for the District of Colorado against certain parties including Star Mountain. The Company is not a named party in that case. SGS alleges the Company (a) has obligations to SGS under mutual indemnification provisions to Star Mountain for the breach of any representations, warranties or breaches of covenants under the Purchase Agreement and (b) failed to conduct its due diligence in connection with the Purchase Agreement, which allegedly interfered with SGS's ability to recover from Star Mountain. SGS is not a party to the Purchase Agreement. SGS states that "the net economic benefits lost to SGS resulting from Star Mountain's acts, and by extension, the Company, amount to approximately $28,300." The Company believes these claims are wholly without merit.

b) The acquisition obligation owing to Star Mountain remains outstanding pending, among other things, the outcome of a claim brought against Star Mountain by Aviano Financial Group LLC ("Aviano"). The Company received notice on October 10, 2017 that Aviano, a creditor of Star Mountain, intended to amend a pre-existing action initially filed in February 2017 in Colorado against Star Mountain to collect debts owing by Star Mountain to Aviano aggregating approximately $800. The amended action of Aviano against Star Mountain was filed in the state of Colorado on October 12, 2017, adding claims for damages and a claim to set aside the alleged conveyance of Empire State Mine by Star Mountain to the Company alleging that it was a fraudulent conveyance. In addition, the Aviano notice stated that it intends to file an analogous action in New York alleging fraudulent conveyance, naming Star Mountain and the Company as defendants. While subsequent claims were filed by Aviano against Star Mountain, as of the date hereof, no litigation has been commenced by Aviano against the Company. The Company believes that the claim of fraudulent conveyance alleged by Aviano is wholly without merit and will defend against any action by Aviano if and when commenced.

On or about February 21, 2018, Star Mountain filed a voluntary petition commencing a Chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Arizona. The filing of the bankruptcy case stayed the SGS and Aviano litigation against Star Mountain. The bankruptcy court has confirmed a Chapter 11 plan of liquidation in the bankruptcy proceedings, which went effective on July 8, 2019. The Chapter 11 plan provides for the appointment of a Plan Trustee to liquidate all of the remaining assets owned by Star Mountain, including causes of action owned by Star Mountain. The Chapter 11 plan indicates that the Plan Trustee will investigate, and may pursue, potential fraudulent conveyance claims against the Company. In August of 2019, the Plan Trustee sent a written demand to the Company to perform what the Plan Trustee asserts are the Company's remaining monetary obligations under the Purchase Agreement.

On November 19, 2019, the Plan Trustee filed a Complaint against the Company, Titan (US) Corporation, and certain former officers and directors of Star Mountain with the Arizona bankruptcy court. The Plan Trustee has filed a Second Amended Complaint (in response to motions to dismiss filed by the Company and Titan (US) Corporation). In his Second Amended Complaint, and as to the Company and Titan (US) Corporation, the Plan Trustee asserts: (a) a claim that the transaction under the Purchase Agreement should be avoided as a fraudulent conveyance as to Star Mountain under federal bankruptcy and state law; and (b) as purported alternative claims, that the Company and Titan (US) Corporation have breached their remaining payment obligations to Star Mountain related to the Purchase Agreement. The Company and Titan (US) Corporation have filed their Answer to the Complaint; they believe that the Plan Trustee's claims are wholly without merit; and they will continue to aggressively defend against the claims.

The Company believes that the potential claim of fraudulent conveyance alleged by Aviano, and all of the claims asserted by the Plan Trustee against the Company and Titan (US) are wholly without merit. Irrespective of the merits of any such claims, however, if a fraudulent conveyance claim is resolved adversely against the Company, this could materially adversely affect the Company by terminating its indirect interest in the Empire State Mine or by potentially resulting in a significant damage claim. Such a result would have a significant negative impact on the Company and could have a material effect on these financial statements.

c) The Company is from time to time involved in various legal proceedings related to its business. Except in the above described proceedings, management does not believe that adverse decisions in any pending or threatened proceeding or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Company's financial condition or results of operations.

13. FINANCIAL INSTRUMENTS

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those whose carrying amounts are a reasonable approximation of fair value:

(Expressed in thousands of US dollars, unless otherwise indicated)

	March 31, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Lease liabilities	$ 800	$ 593	$ 800	$ 720
Bank indebtedness	$ 10,026	$ 10,027	$ 10,093	$ 10,094
Equipment loans	$ 36	$ 33	$ 95	$ 86
Paycheck Protection Program loan	$ 2,432	$ 2,371	$ 2,426	$ 2,360
Loan from related party	$ 24,836	$ 24,254	$ 24,282	$ 24,173

Management assessed that the fair values of cash and cash equivalents, other receivables, and accounts payable approximate their carrying amounts due to the short-term maturities of these instruments, and the fair value of acquisition obligations approximate their carrying value as they are non-interest bearing. Trade receivables subject to provisional pricing are already carried at fair value.

Fair values of the Company's lease liabilities, bank indebtedness, equipment loans, PPP loan, and loan from related-party are determined by using discounted cash flow models that use discount rates that reflect the issuer's borrowing rate as at the end of the reporting period.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (interest rate, yield curves), or inputs that are derived principally from or corroborated observable market data or other means.

Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

All financial instruments measured at fair value use Level 2 valuation techniques.

There have been no transfers between fair value levels during the reporting period.

14. SEGMENTED INFORMATION

The Company operates one reportable segment, mineral production and exploration in the United States. The Company's non-current assets located in the United States total $61,758 and those located in Canada total $830.

(Expressed in thousands of US dollars, unless otherwise indicated)

15. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31,	
	2021	2020
Non-cash investing and financing activities		
Change in accounts payable and accrued liabilities with respect to construction in progress	288	488
Change in accounts payable and accrued liabilities with respect to inventories	(318)	44
Change in accounts payable and accrued liabilities with respect to operating expenses	(348)	-
Equipment purchases financed with debt	-	247
Proceeds on sale of equipment used to repay debt	-	50
Proceeds on sale of equipment used to reduce accounts payable	25	-
Change in reclamation and remediation asset	590	2,577