

Financial Statements of

**PROBITY MINING 2021 SHORT
DURATION FLOW-THROUGH
LIMITED PARTNERSHIP**

Period from commencement of operations on February 11, 2021 to June 30,
2021

(Unaudited)

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Statement of Financial Position

As at June 30, 2021 (Unaudited)

Assets

Current assets:

Cash	\$ 627,424
Investments	9,419,630
	10,047,054

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	81,965
Performance fees payable	111,710
	193,675

Class net assets attributable to Partners	\$ 9,853,379
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Net assets attributable to Partners:

Class A - National Class	\$ 4,120,745
Class A - British Columbia	2,536,651
Class A - Quebec	572,016
Class F - National Class	2,215,398
Class F - British Columbia	97,548
Class F - Quebec	311,000
Class P	10
General Partner	10

	\$ 9,853,379
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Partnership units outstanding (note 4):

Class A - National Class	399,996
Class A - British Columbia	252,910
Class A - Quebec	83,669
Class F - National Class	208,590
Class F - British Columbia	9,500
Class F - Quebec	43,200
Class P	1
General Partner	1

Net assets per unit attributable to Limited Partners:

Class A - National Class	\$ 10.30
Class A - British Columbia	10.03
Class A - Quebec	6.84
Class F - National Class	10.62
Class F - British Columbia	10.27
Class F - Quebec	7.20
Class P	10.00
General Partner	10.00


PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Statement of Financial Position (continued)

As at June 30, 2021 (Unaudited)

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors of the General Partner:



Peter Christiansen Director



Brent Larkan Director

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Statement of Comprehensive Income

For the period from commencement of operations on February 11, 2021 to June 30, 2021
(Unaudited)

Income:		
Unrealized appreciation of investments	\$	969,626
Expenses (note 3):		
Issue costs (note 3)		916,472
Performance fees		111,710
Administrative fees		42,848
Accounting		15,923
Unitholder recordkeeping fees		3,720
Legal fees		1,438
Custodian fees		1,269
Audit		1,229
Bank charges		193
Tax and compliance fees		115
		<u>1,094,917</u>
Decrease in net assets attributable to partners from operations	\$	<u>(125,291)</u>
Increase (decrease) in net assets attributable to partners from operations, per Class		
Class A - National Class	\$	120,785
Class A - British Columbia		7,551
Class A - Quebec		(264,674)
Class F - National Class		129,498
Class F - British Columbia		2,548
Class F - Quebec		(121,000)
		<u>\$ (125,291)</u>
Increase (decrease) in net assets attributable to partners from operations per unit (note 8)		
Class A - National Class	\$	0.30
Class A - British Columbia		0.03
Class A - Quebec		(3.16)
Class F - National Class		0.62
Class F - British Columbia		0.27
Class F - Quebec		(2.80)

See accompanying notes to financial statements.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Statement of Changes in Net Assets Attributable to Partners

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

	Net assets attributable to beginning of	Proceeds from issuance	Increase (decrease) in net assets attributable to Partners	Net assets attributable to Partners, end of period
Class A - National Class	\$ —	\$ 3,999,960	\$ 120,785	\$ 4,120,745
Class A - British Columbia	—	2,529,100	7,551	2,536,651
Class A - Quebec	—	836,690	(264,674)	572,016
Class F - National Class	—	2,085,900	129,498	2,215,398
Class F - British Columbia	—	95,000	2,548	97,548
Class F - Quebec	—	432,000	(121,000)	311,000
Class P	—	10	—	10
General Partner	—	10	—	10
	\$ —	\$ 9,978,670	\$ (125,291)	\$ 9,853,379

See accompanying notes to financial statements.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Statements of Cash Flows

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

Cash provided by (used in):

Operating activities:

Decrease in net assets attributable to partners from operations	\$ (125,291)
Items not involving cash:	
Unrealized appreciation of investments	(969,626)
Change in non-cash balances:	
Accounts payable and accrued liabilities	81,965
Purchase of investments	(8,450,004)
Performance fees payable	111,710
	<hr/> (9,351,246)

Financing activities:

Proceeds from issuance of units	9,978,670
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Increase in cash 627,424

Cash, beginning of period -

Cash, end of period \$ 627,424

See accompanying notes to financial statements.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Schedule of Investment Portfolio

As at June 30, 2021 (Unaudited)

	Number of shares	Average cost \$	Fair value \$	Net assets %
Canadian equities mining*:				
Avalon Advanced Materials Inc.	2,500,000	500,000	387,500	3.93
Beauce Gold Fields Inc.	857,144	300,001	175,715	1.78
Ethos Gold Corp. (BC)	416,668	100,000	129,167	1.31
Ethos Gold Corp. (NC)	1,818,182	400,000	563,636	5.72
Etruscus Resources Corp.	857,144	300,001	291,429	2.96
Focus Graphite Inc.	2,083,334	250,000	187,500	1.90
Forum Energy Metals Corp.	1,111,112	500,000	400,000	4.06
Frontier Lithium Inc.	384,616	500,001	300,000	3.04
Gambier Gold Corp.	1,200,000	300,000	300,000	3.04
Genesis Metals Corp. (NC)	833,334	200,000	150,000	1.52
Genesis Metals Corp. (QC)	1,666,667	400,000	300,000	3.04
Great Atlantic Resources Corp.	909,092	500,001	527,273	5.35
IMC International Mining Corp.	1,500,000	300,000	285,000	2.89
Lomiko Metals Inc.	1,176,471	200,000	158,824	1.61
Metallis Resources Inc.	2,000,000	1,000,000	920,000	9.34
Red Moon Resources Inc.	666,668	500,001	906,669	9.20
Rockridge Resources Inc.	2,142,858	300,000	257,143	2.61
Strikepoint Gold Inc.	3,000,000	750,000	600,000	6.09
Vision Lithium Inc. (NC)	1,136,364	250,000	153,409	1.56
Vision Lithium Inc. (QC)	1,136,364	250,000	153,409	1.56
VR Resources Ltd.	365,854	150,000	168,293	1.71
VR Resources Ltd. (Top-Up)	1,190,476	500,000	547,619	5.56
Total equities		8,450,005	7,862,586	79.80
Canadian warrants mining:				
Beauce Gold Fields Inc. (expiry 25 Mar 2023; strike price \$0.50)	428,572	–	37,577	0.38
Ethos Gold Corp. (BC) (expiry 1 Apr 2023; strike price \$0.40)	208,334	–	29,675	0.30
Ethos Gold Corp. (NC) (expiry 1 Apr 2023; strike price \$0.40)	909,091	–	129,492	1.31
Etruscus Resources Corp. (expiry 19 May 2023; strike price \$0.45)	428,572	–	73,468	0.75
Forum Energy Metals Corp. (expiry 29 Jun 2023; strike price \$0.57)	555,556	–	99,438	1.01
Frontier Lithium Inc. (expiry 13 Apr 2023; strike price \$1.50)	192,308	–	41,375	0.42
Great Atlantic Resources Corp. (expiry 29 Mar 2023; strike price \$0.75)	454,546	–	111,019	1.13
IMC International Mining Corp. (expiry 16 Apr 2023; strike price \$0.30)	1,500,000	–	97,765	0.99

Metallis Resources Inc. (expiry 30 Apr 2023; strike price \$0.70)	1,000,000	–	192,896	1.96
Red Moon Resources Inc. (expiry 28 May 2023; strike price \$0.90)	333,334	–	391,802	3.98
Rockridge Resources Ltd. (expiry 5 Mar 2024; strike price \$0.22)	1,071,429	–	45,745	0.46
Strikepoint Gold Inc. Resources Inc. (expiry 30 Dec 2022 ; strike price \$0.35)	1,500,000	–	169,639	1.72
Vision Lithium Inc. (NC) Resources Inc. (expiry 20 Apr 2023; strike price \$0.30)	568,182	–	68,577	0.70
Visions Lithium Inc. (QC) Resources Inc. (expiry 20 Apr 2023; strike price \$0.30)	568,182	–	68,577	0.70
Total warrants		-	1,557,044	15.80
Total portfolio of investments		- 8,450,0005	9,419,630	95.9
Cash		- -	627,424	6.3
Other net liabilities		- -	(193,675)	(2.2)
Net assets attributable to Partners (100%)			\$ 9,853,379	100.0

* As at June 30, 2021, these securities are restricted by the issuer from trading. The restrictions range from 2 to 4 months.

See accompanying notes to financial statements.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

1. Formation and purpose of the Partnership:

Probity Mining 2021 Short Duration Flow-Through Limited Partnership (the “Partnership”) was formed on November 4, 2020 as a limited partnership under the laws of the Province of British Columbia, Canada and commenced operations on February 11, 2021. The address of the Partnership’s registered office is Suite 530, 355 Burrard Street, Vancouver, British Columbia V6C 2G8. The general partner of the Partnership is Probity 2021 Management Corp. (the “General Partner”) whose ultimate parent is Probity Capital Corporation. The Partnership consists of seven classes of limited partnership units, National Class (“NC”) A and F; British Columbia (“BC”) Class A and F; Quebec Class (“QC”) A and F; and Class P (collectively, the “Units”). The Units are identical to each other, except for the fees applicable to each class. The principal purpose of the Partnership is to provide Limited Partners with a tax-assisted investment in a portfolio of flow-through shares of resource issuers engaged in mining sector for capital appreciation and profits. Management’s intention is that an investment in the Partnership will provide all classes of A and F Limited Partners exposure to a portfolio (the “Portfolio”) comprising primarily shares of resource issuers that qualify as “flow-through shares” for the purposes of the Income Tax Act (Canada) (the “ITA”) pursuant to which the resource issuer agrees to incur and renounce to the Partnership “Canadian exploration expense” (as defined in the ITA) (“CEE”).

The General Partner delegates certain investment advisory responsibilities to Qwest Investment Fund Management Ltd. (the “Manager”).

Under the limited partnership agreement (the “Partnership Agreement”) between the General Partner and each of the Limited Partners (together, the “Partners”), dated November 4, 2020, for each Portfolio, ordinary income is allocated among the Partners on the following basis:

- (i) firstly, pro rata to the particular Partners the amount (if any) by which:
 - (a) the aggregate Ordinary Losses in respect of the Class Portfolio allocated to the particular Partners in prior Fiscal Years; exceeds
 - (b) the aggregate Ordinary Income in respect of the Class Portfolio allocated to the particular Partners in prior Fiscal Years;
- (ii) secondly, to the General Partner 0.01% of the remaining unallocated Ordinary Income in respect of the Class Portfolio;
- (iii) thirdly, pro rata to the particular Partners the lesser of:
 - (a) the remaining unallocated Ordinary Income in respect of the Class Portfolio; and
 - (b) the amount (if any) by which:

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

1. Formation and purpose of the Partnership (continued):

- (A) the aggregate Subscription Price paid for the Class to which the Class Portfolio relates; exceeds
- (B) the total of:
 - the Ordinary Income in respect of the Class Portfolio allocated to the particular Partners in the Fiscal Year and
 - the aggregate Ordinary Income in respect of the Class Portfolio allocated to the particular Partners in prior Fiscal Years; and
- (iv) fourthly, the balance of the unallocated Ordinary Income in respect of the Class Portfolio shall be allocated as follows:
 - (a) 30% to the holders of the Class P Units pro rata; and
 - (b) 70% to the particular Partners pro rata.

In order to provide Limited Partners with enhanced liquidity, the General Partner intends, if all necessary approvals are obtained, to implement a Liquidity Alternative. The General Partner intends to implement the Liquidity Alternative before September 30, 2022, provided that the dissolution of the Partnership will not occur prior to December 31, 2022 with the exact timing to be determined based primarily on the Investment Advisor and Fund Manager's equity market trend outlook during that time. The General Partner intends that the Liquidity Alternative will be the sale of the Partnership's assets for cash, whereupon the proceeds shall be distributed to Limited Partners, pro rata, up to and upon the dissolution of the Partnership.

These financial statements were authorized for issue by the Board of Directors of the General Partner on August 6, 2021.

2. Significant accounting policies:

- (a) Basis of preparation and statement of compliance:

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

- (b) Basis of measurement:

These financial statements have been prepared on a historical cost basis except for investments in securities which are measured at fair value.

The following is a summary of significant accounting policies used by the Partnership:

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

2. Significant accounting policies (continued):

(c) Functional currency and presentation currency:

The statement of financial position is presented in Canadian dollars, which is the Partnership's functional and presentation currency.

(d) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Partnership becomes a party to the contractual provisions of the instrument. The Partnership derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Partnership has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Partnership may irrevocably elect to measure financial assets that otherwise meet the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

2. Significant accounting policies (continued):

(d) Financial instruments (continued):

(ii) Fair value through profit and loss:

Financial assets are not reclassified subsequent to their initial recognition, unless the Partnership changes its business model for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

The Partnership has not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Partnership may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

The Partnership classifies investments as FVTPL. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Partnership uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Partnership's policy is to recognize transfers into and out of the fair value hierarchy levels as of the beginning of the period of the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

2. Significant accounting policies (continued):

(d) Financial instruments (continued):

(iii) Amortized cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses.

The Partnership classifies cash, accounts payable and accrued liabilities as amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

The Partnership recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized on the trade date.

(e) Income recognition:

Realized gains and losses on disposal of financial assets at fair value through profit or loss and unrealized gains and losses in the value of financial assets at fair value through profit or loss are reflected in the statement of comprehensive income and calculated on an average cost basis. Interest is recorded on an accrual basis. All costs directly attributable to operating activities are expenses as incurred.

(f) Allocation of income and expenses and realized and unrealized capital gains and losses:

Income and expenses incurred in connection with the Partnership's operations and realized and unrealized gains or losses that are not directly attributable to a particular class of units are allocated between Class A - National Class, Class A - British Columbia, Class A - Quebec, Class F - National Class, Class F - British Columbia, Class F - Quebec units in accordance with the Partnership Agreement dated November 4, 2020 and as outlined in note 1.

(g) Income taxes:

Since the Partnership is an unincorporated business, the liability for income taxes is that of the partners and not the Partnership. Accordingly, no provision for income taxes for the Partnership has been made in these financial statements. These financial statements do not include the Limited Partners' information.

For income tax purposes, the adjusted cost base of flow-through shares is reduced by the amount of Eligible Expenditures renounced to the Partnership. Upon disposition of such shares, a capital gain will result and be allocated to the Limited Partners based upon their proportionate share of the Partnership.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

2. Significant accounting policies (continued):

(h) Net assets attributable to partners:

The Partnership Agreement between the General Partner and each of the Limited Partners dated November 4, 2020 imposes a contractual obligation for the Partnership to deliver a pro rata share of its net assets to the partners on termination of the Partnership. Based on the terms of the Partnership Agreement, the General Partner and Limited Partners are both considered to have an interest in the residual net assets of the Partnership; however, they are not considered to have identical contractual obligations. Consequently, the net assets attributable to Limited Partners and General Partner are classified as liabilities in the financial statements.

The Partnership's obligation for net assets attributable to partners is presented at the redemption amount, which is the residual amount of assets of the Partnership after deducting all of its liabilities.

(i) Increase in net assets attributable to partners from operations per Partnership unit:

Increase in net assets attributable to limited partners from operations per Partnership unit is determined by dividing the net increase in net assets attributable to limited partners from operations by the weighted average number of limited partnership units outstanding during the reporting period.

(j) Critical accounting estimates and judgments:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from those reported and the differences could be material. The following paragraphs discuss the most significant accounting estimates and judgments that the Partnership has made in preparing its financial statements:

(i) Fair value measurement of securities not quoted in an active market:

The fair value of warrants is determined using a valuation model such as the Black-Scholes model. Key estimates underlying this model include implied volatility and time value factors. The fair value determined may not equal the eventual settlement amount.

(ii) Classification and measurement of investments and application of the fair value option:

In classifying and measuring financial instruments held by the Partnership, the Investment Manager is required to make significant judgments about whether or not the business of the Partnership is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Partnership's investments are classified as FVTPL.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

3. Expenses of the Partnership:

(a) Issue costs:

Issue costs are expenses of the offering of the Units of the Partnership which include the costs of creating and organizing the Partnership. Issue costs include certain costs as outlined in the offering memorandum such as agents' fee, legal, audit, regulatory filing and printing. Issue costs are presented gross in the Statement of Comprehensive Income. Issue costs for the period from February 11th to June 30th, 2021 is as follows:

June 30, 2021	Issue costs associated with issuance of units
Class A – National Class	\$ 415,880
Class A – British Columbia	242,121
Class A – Quebec	90,171
Class F – National Class	135,777
Class F – British Columbia	6,201
Class F – Quebec	26,322
	<hr/>
	\$ 916,472

(b) Operating expenses:

The Partnership pays all of the expenses of the operations and carrying on of its business, including legal and audit fees, interest, administrative costs relating to the cost of financial and other reports, and compliance with all applicable laws, regulations and policies. The General Partner is reimbursed for all reasonable out-of-pocket costs and expenses that are incurred by the General Partner on behalf of the Partnership in the ordinary course of business or other costs and expenses incidental to acting as general partner so long as the General Partner is not in default of its obligations.

4. Partners' interest:

The interest of the Limited Partners in the Partnership is divided into an unlimited number of Units. The Partnership is authorized to issue a maximum of 5,000,000 Units.

All the limited partnership Units have equal rights and privileges, including equal participation in any distribution made by each respective class and the right to one vote at any meeting of the Limited Partners.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

4. Partners' interest (continued):

Issued and outstanding:

The Partnership completed its final offering on May 21, 2021 and issued 997,867 Partnership Units (399,996 units of Class A - National Class, 252,910 units of Class A - British Columbia, 83,669 units of Class A – Quebec, 208,590 units of Class F - National Class, 9,500 units of Class F - British Columbia, 43,200 of Class F – Quebec, 1 unit of Class P and 1 unit of General Partner) at a subscription price of \$10 per Unit for a total of \$9,978,670. All Units issued were outstanding as at June 30, 2021.

Pursuant to the Partnership Agreement, the General Partner contributed \$10 to the capital of the Partnership.

5. Fair value measurement:

The following table illustrates the classification of the Partnership's investments within the fair value hierarchy as at June 30, 2021. 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.

There were no financial instruments that were transferred between levels of the fair value hierarchy during the period ended June 30, 2021.

	Level 1	Level 2	Level 3	Total
Assets:				
Equities	\$ 7,862,586	\$ -	\$ -	\$ 7,862,586
Warrants	-	\$ 1,557,044	-	\$ 1,557,044
	\$ 7,862,586	\$ 1,557,044	\$ -	\$ 9,419,630

All fair value measurements above are recurring. The carrying values of other financial instruments approximate their fair values due to their short-term nature.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Partnership, including Level 3 measurements. The Manager has engaged SGGG Fund Services Inc. ("SGGG") to value the net assets of the Partnership on a weekly basis including pricing of Level 1 and Level 2 investments. SGGG obtains pricing from a third-party pricing vendor. The Partnership's overall market positions are monitored on a weekly basis by the Manager. The Manager ensures the accuracy of the NAV calculation, prepared by SGGG, by reviewing the NAV on a weekly basis.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

5. Fair value measurement (continued):

The Partnership's equity positions are classified as Level 1 when the security is actively traded and reliable prices are observable. Certain equities do not trade frequently or have resale restrictions and therefore observable prices may not be available. In such cases, fair value is determined using an observable market date (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

Certain equity investments held at June 30, 2021 were subject to a hold period and could not be freely traded at the valuation date. The valuation is based on trade activity of identical securities of the same issuer and have been classified as Level 2 in the fair value hierarchy as a result of the trade restriction specific to the units held by the Partnership.

As at June 30, 2021, the level 2 warrants of \$1,557,044 have been valued using the Black-Scholes valuation method.

6. Financial instruments risk management:

The Partnership's activities expose it to a variety of financial instrument risks including market risk (price risk, interest rate risk and currency risk), credit risk, concentration risk and liquidity risk.

The Partnership's overall risk management strategy focuses on the unpredictability of performance of early stage public resource investments and seeks to minimize potential adverse effects on the Partnership's financial performance.

(a) Market risk:

Price risk:

The Partnership's investments are exposed to market price risk due to changing market conditions for equities as well as specific industry changes in the mining sector, such as changes in commodity prices and the level of market demand as well as any changes to the tax environment in which the investee entities operate. All investments in equity securities have an inherent risk of loss of capital.

The maximum risk resulting from investments is determined by the fair value of the financial instruments. The Manager seeks to manage market risks by careful selection of securities prior to making an investment in an early stage company and by regular ongoing monitoring of the investment performance of the individual investee companies. The Manager also sets thresholds on individual investments to mitigate the risk of exposure to any one investment. The Partnership's overall market positions are monitored on a monthly basis by the Partnership's Manager.

The Partnership's overall exposure is managed by investment restrictions which include a requirement for investments to be invested in resource issuers that are listed on a stock exchange.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

6. Financial instruments risk management (continued):

(a) Market risk (continued):

Price risk (continued):

As at June 30, 2021, the Partnership's market risk is impacted directly by changes in equity prices and indirectly by changes in minerals and other commodity prices. The immediate impact on equities of a 10% increase or decrease in the fair value of investments would be approximately \$786,259.

Interest rate risk

The monetary financial assets and liabilities of the Partnership are non-interest bearing. Consequently, the Partnership has no significant direct exposure to interest rate risk.

Currency risk

The monetary financial assets and liabilities of the Partnership are all denominated in Canadian dollars. Consequently, the Partnership has no significant direct exposure to currency risk.

(b) Credit risk:

The Partnership has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Credit risk associated with cash is minimized by ensuring that these balances are held by high-quality financial institutions.

The Partnership is exposed to counterparty risk from the potential failure of the issuer of the warrants to settle its exercised warrants. The maximum risk of loss from counterparty risk to the Partnership is the fair value of the contracts. The Partnership considers the effects of counterparty risk when determining the fair value of its investments in warrants.

When the Partnership trades in listed or unlisted securities which are settled upon delivery, the risk of default is considered minimal since delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The Partnership only transacts with reputable brokers with a high credit rating.

The Manager monitors the Partnership's credit position regularly, and the board of directors of the General Partner reviews it on a periodic basis.

(c) Concentration risk:

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Partnership's investments are entirely in Canadian companies involved in the mining sector, and as a result, the Partnership is exposed to a concentration of risk related to these holdings.

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

6. Financial instruments risk management (continued):

(d) Liquidity risk:

The Partnership is a closed-end partnership and therefore it does not have exposure to early redemptions of Partnership units. There is no market for units of the Partnership and it is unlikely that any public market will develop through which units may be sold. The Partnership's Level 1 investments are subject to four-month resale restrictions from the date of purchase. The Partnership holds sufficient cash to cover operating expenses and issue costs due in this period. The General Partner intends to implement a liquidity alternative. It is anticipated that this will be the sale of the Partnership's assets for cash whereupon the proceeds shall be distributed to Limited Partners, pro rata, up to and upon the dissolution of the Partnership.

At June 30, 2021, all of the Partnership's financial liabilities were due within 30 days of the statement of financial position date, with the exception of net assets attributable to partners which mature at the end of the life of the Partnership or at the liquidation date.

The Partnership manages liquidity risk by maintaining sufficient liquid cash resources and investing the Partnership's assets in investments which are traded in an active market and can be readily disposed of when liabilities become due.

7. Capital risk management:

Units issued and outstanding are considered to be capital of the Partnership. The Partnership does not have any internally or externally imposed restrictions on its capital.

8. Increase in net assets attributable to partners:

The increase in net assets attributable to Limited Partners per Partnership Unit for the period ended June 30, 2021.

June 30, 2021	Increase (decrease) in net assets attributable to to partners from operations	Weighted average of units outstanding during the period	Increase (decrease) in net assets attributable to partners from operations per unit
Class A – National Class	\$ 120,785	399,996	\$ 0.30
Class A – British Columbia	7,551	252,910	0.03
Class A – Quebec	(264,674)	83,669	(3.16)
Class F – National Class	129,498	208,590	0.62
Class F – British Columbia	2,548	9,500	0.27
Class F – Quebec	(121,000)	43,200	(2.80)
Class P	-	1	-
General Partner	-	1	-

PROBITY MINING 2021 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

For the period from commencement of operations on February 11, 2021 to June 30, 2021 (Unaudited)

9. Comparison of IFRS Net Assets per Unit and Transactional NAV per Unit:

The table below provides a reconciliation of Net Assets per Unit under IFRS and Transactional NAV per Unit. IFRS Net Assets includes Black-Scholes adjustments to the value of warrants held, whereas the Transactional NAV does not require such adjustments.

June 30, 2021	Transactional NAV	Adjustment	IFRS net assets
Class A – National Class	\$ 9.02	\$ 1.28	\$ 10.30
Class A – British Columbia	8.34	1.69	10.03
Class A – Quebec	6.16	0.68	6.84
Class F – National Class	9.42	1.20	10.62
Class F – British Columbia	8.62	1.65	10.27
Class F – Quebec	6.49	0.71	7.20
Class P	10.00	-	10.00
General Partner	10.00	-	10.00