



QUARTZ MOUNTAIN RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2021 AND 2020

(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READERS

In accordance with subsection 4.3(3) of National Instrument 51-102, management of the Company advises that the Company's auditors have not performed a review of these condensed consolidated interim financial statements.

QUARTZ MOUNTAIN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	April 30, 2021	(Audited) July 31, 2020
Assets			
Current assets			
Cash		\$ 194,335	\$ 206,529
Amounts receivable and other assets	3	6,801	12,029
		201,136	218,558
Non-current assets			
Mineral property interests	4	-	1
Total assets		\$ 201,136	\$ 218,559
Liabilities and Shareholders' Equity			
Current liabilities			
Amounts payable and other liabilities	6	\$ 745	\$ 4,176
Due to related parties	7(a) & (b)	1,403	75,832
Total liabilities		2,148	80,008
Shareholders' equity			
Share capital	5(a)	27,213,442	27,158,423
Reserves		592,011	592,011
Accumulated deficit		(27,606,465)	(27,611,883)
Total shareholders' equity		198,988	138,551
Total liabilities and shareholders' equity		\$ 201,136	\$ 218,559

Nature and continuance of operations (note 1)
Event after the reporting period (note 9)

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

/s/ Trevor Thomas

Trevor Thomas
Director

/s/ Leonie Tomlinson

Leonie Tomlinson
Director

QUARTZ MOUNTAIN RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars, except for weighted average number of common shares)

	Note	Three months ended April 30,		Nine months ended April 30,	
		2021	2020	2021	2020
Expenses					
Exploration and evaluation		\$ 6,746	\$ -	\$ 66,666	\$ -
Assays and analysis		-	-	4,769	-
Geological		6,746	-	17,946	-
Helicopter and fuel		-	-	29,520	-
Site activities		-	-	13,252	-
Travel and accommodation		-	-	1,179	-
		26,752	65,185	105,698	173,964
Administrative fees	7(a)	6,927	20,376	27,970	55,118
Insurance		8,573	-	24,563	-
IT Services		3,000	-	9,000	-
Legal, accounting and audit		-	9,545	18,276	26,658
Office and miscellaneous		1,499	28,959	2,626	55,752
Regulatory, trust and filing		6,753	6,305	23,263	36,436
Operating expenses		(33,498)	(65,185)	(172,364)	(173,964)
Other items					
Gain on sale of royalty interest	4(a)	191,654	-	191,654	-
Selling costs for royalty interest	4(a)	(15,256)	-	(15,256)	-
Interest income		307	179	1,027	505
Interest expense		-	(1,081)	-	(6,291)
Foreign exchange gain (loss)		-	8	357	(429)
Gain on settlement of debt	7(b)	-	-	-	2,779,882
Income (loss) and comprehensive income (loss) for the period		\$ 143,207	\$ (66,079)	\$ 5,418	\$ 2,599,703
Basic earning (loss) per common share		\$ 0.01	\$ (0.00)	\$ 0.00	\$ 0.10
Diluted earning (loss) per common share		\$ 0.00	\$ (0.00)	\$ 0.00	\$ 0.07
Weighted average number of common shares outstanding (note 5(c))					
Basic		26,677,776	25,477,776	26,514,733	25,477,776
Diluted		39,114,141	25,477,776	39,114,141	39,114,141

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

QUARTZ MOUNTAIN RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

		<u>Nine months ended April 30,</u>	
	Note	2021	2020
Operating activities			
Income for the period		\$ 5,418	\$ 2,599,703
Adjusted for:			
Interest income		(1,027)	(505)
Interest expense		-	6,291
Gain on sale of royalty interests net of costs		(176,398)	-
Gain on settlement of debt		-	(2,779,882)
Changes in working capital items:			
Amounts receivable and other assets		5,228	(11,086)
Amounts payable and other liabilities		(3,431)	24,010
Due to related parties	7(a) & 7(b)	(74,429)	(2,859,181)
Net cash used in operating activities		(244,639)	(3,020,650)
Investing activities			
Proceeds of sale of royalty interest		176,399	-
net of costs Interest received		1,027	505
Net cash provided by investing activities		177,426	505
Financing activities			
Issuance of shares for settlement of debt		-	2,905,882
Proceeds from exercise of warrants	5(a)	60,000	-
Proceeds from private placement		-	500,000
Share issuance costs		(4,981)	-
Private placement deposit		-	28,200
Repayment of private placement deposit		-	(28,200)
Repayment of loan payable		-	(107,500)
Net cash provided by financing activities		55,019	3,298,382
Increase (decrease) in cash		(12,194)	278,237
Cash, beginning of the year		206,529	72,373
Cash, end of the period		\$ 194,335	\$ 350,610

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

QUARTZ MOUNTAIN RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREOLDERS' EQUITY (DEFICIENCY)**

(Expressed in Canadian Dollars, except for share information)

	Share Capital		Reserves			Total shareholders' equity (deficiency)
	Note	Number of shares	Amount	Equity-settled share-based payments	Accumulated deficit	
Balance at August 1, 2019		10,041,411	\$ 26,548,981	\$ 592,011	\$ (30,136,646)	\$ (2,995,654)
Shares issued for settlement of debt	7(b)	1,800,000	126,000	-	-	126,000
Shares issued for private placement		13,636,365	500,000	-	-	500,000
Loss for the period		-	-	-	2,599,703	2,599,703
Balance at April 30, 2020		25,477,776	\$ 27,174,981	\$ 592,011	\$ (27,536,943)	\$ 230,049
Balance at July 31, 2020		25,477,776	\$ 27,158,423	\$ 592,011	\$ (27,611,883)	\$ 138,551
Shares issued through exercise of warrants	5(a)	1,200,000	60,000	-	-	60,000
Share issuance costs		-	(4,981)	-	-	(4,981)
Income for the period		-	-	-	5,418	5,418
Balance at April 30, 2021		26,677,776	\$ 27,213,442	\$ 592,011	\$ (27,606,465)	\$ 198,988

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

QUARTZ MOUNTAIN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2021 AND 2020
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE AND CONTINUANCE OF OPERATIONS

Quartz Mountain Resources Ltd. is a Canadian public company incorporated in British Columbia on August 3, 1982. The Company's corporate office is located at 1040 West Georgia Street, 14th Floor, Vancouver, British Columbia, Canada. The Company most recently focused on evaluating mineral prospects for potential acquisition and exploration in British Columbia. The Company continues to investigate potential opportunities.

These condensed consolidated interim financial statements (the "Financial Statements") of the Company as at and for the three and nine months ended April 30, 2021, include Quartz Mountain Resources Ltd. and its subsidiaries (together referred to as the "Company"). Quartz Mountain Resources Ltd. is the ultimate parent entity of the group.

These Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As at April 30, 2021, the Company had an accumulated deficit of \$27,606,465, and has a working capital of \$198,988. The Company's continuing operations are dependent upon new projects, the ability of the Company to obtain the necessary financing to complete exploration of any new projects, the ability to obtain the necessary permits to explore, develop, and mine new projects, and the future profitable production of any mine. These material uncertainties raise substantial doubt on the ability of the Company to continue as a going concern.

Additional debt or equity financing will be required to fund acquisition of mineral property interests. There can be no assurance that the Company will be able to obtain additional financial resources or achieve positive cash flows. If the Company is unable to obtain adequate additional financing, it will need to curtail its expenditures further, until additional funds can be raised through financing activities.

These Financial Statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

Effective May 27, 2020, the Company completed a forward share split (the "Share Split") on the basis of two additional common shares for every common share outstanding prior to the Share Split. Outstanding warrants were adjusted by the same share split ratio. All references to shares and per share amounts have been retroactively restated to give effect to the Share Split.

COVID-19

Given the ongoing and dynamic nature of the circumstances surrounding the COVID-19 pandemic, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the global economy and the business of the Company or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge about COVID-19 and additional actions which may be taken to contain it.

Such developments could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow, and exposure to credit risk.

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The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are described below. These policies have been consistently applied for all years presented, unless otherwise stated.

(a) Statement of compliance

These Financial Statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and its interpretations. Accordingly, they do not include all of the information and note disclosures as required by International Financial Reporting Standards ("IFRS") for annual financial statements.

The accounting policies and methods of computation applied by the Company in these Financial Statements are the same as those applied by the Company in its most recent annual consolidated financial statements filed on the Company's profile on SEDAR at www.sedar.com. These Financial Statements should be read in conjunction with the Company's financial statements as at and for the year ended July 31, 2020. Results for the period ended April 30, 2021, are not necessarily indicative of future results.

The Company's Board of Directors authorized issuance of these Financial Statements on June 17, 2021.

(b) Basis of presentation and consolidation

These Financial Statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

These Financial Statements include the accounts of the Company and the subsidiaries that it controls. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Intercompany balances and transactions including any unrealized income and expenses arising from intercompany transactions are eliminated upon consolidation.

At April 30, 2021 and July 31, 2020, the Company held a 100% interest in QZMG Resources Ltd., a company that holds a 100% interest in Wavecrest Resources Inc.

(c) Significant accounting estimates and judgments

The preparation of these Financial Statements in conformity with IAS 34 involved use of judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from such estimates.

In preparing these Financial Statements, significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended July 31, 2020.

QUARTZ MOUNTAIN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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3. AMOUNTS RECEIVABLE AND OTHER ASSETS

	April 30, 2021	July 31, 2020
Sales tax receivable	\$ 1,374	\$ 4,820
Prepaid insurance	5,427	7,209
Total	\$ 6,801	\$ 12,029

4. MINERAL PROPERTY INTERESTS

	April 30, 2021	July 31, 2020
Angel's Camp royalty	\$ -	\$ 1

(a) Angel's Camp Property

The Company retains a 1% net smelter return royalty payable to the Company on any production from the Angel's Camp property located in Lake County, Oregon. The royalty is recorded at a nominal amount of \$1.

On February 1, 2021, the Company entered into an agreement for the sale of 100% of the Company's 1% Net Smelter Return Royalty (the "Royalty") on the Quartz Mountain Gold Property, located in Oregon for US\$150,000 to an arms-length purchaser. This transaction was closed on February 4, 2021. The Company acquired the Royalty when it sold the Quartz Mountain Gold Property to Seabridge Resources Inc. in 2001.

Selling costs associated with the transaction include \$12,756 (US\$10,000) paid to an arms-length party and \$2,500 paid to the Chief Financial Officer.

5. CAPITAL AND RESERVES

(a) Authorized share capital

At April 30, 2021 and April 30, 2020, the authorized share capital of the Company comprised an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

No preferred shares have been issued to date. All issued common shares are fully paid.

On March 26, 2020, the Company completed the private placement in one tranche of 13,636,365 common shares (pre- forward split basis of 4,545,455 common shares) on March 26, 2020, at a price of \$0.04 (pre- forward split basis of \$0.11) per unit for gross proceeds of \$500,000. Each unit consisted of one common share and one warrant (the "Warrant"). Each Warrant entitles the holder to purchase one additional share at a price of \$0.05 (pre-forward split basis of \$0.15) for five years.

In addition, at the request of the holder, and subject to certain conditions being met at the time of exercise of the Warrant, the shares to be issued may be designated as 'flow through shares'. After issuance costs of \$1,302, the Company raised net proceeds of \$498,698.

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The private placement results in Robert Dickinson holding a control position of approximately 43% (60%, if warrants exercised) of the Company and has been approved by the TSX-V.

On May 27, 2020, the Company completed the Share Split on the basis of two additional common shares for every common share outstanding prior to the Share Split.

On August 25, 2020, the Company issued 1,200,000 flow-through common shares on the exercise of the warrants at an exercise price of \$0.05 for gross proceeds of \$60,000.

(b) Warrants

The continuity of the warrants during the period ended April 30, 2021 is as follows:

	Number of warrants	Weighted average exercise price (\$)
Balance July 31, 2019	-	\$ -
Granted	13,636,365	0.05
Balance April 30, 2020	13,636,365	\$ 0.05
Balance July 31, 2020	13,636,365	\$ 0.05
Exercised	(1,200,000)	0.05
Balance April 30, 2021	12,436,365	\$ 0.05

The outstanding warrants at April 30, 2021 are as follows:

Expiry Date	Price per share	Warrants Outstanding
March 26, 2025	\$ 0.05	12,436,365

(c) Basic and Diluted Earnings (Loss)

	April 30, 2021	April 30, 2020
Weighted average common shares outstanding	26,351,689	25,477,776
Plus net incremental shares from assumed conversions:		
Warrants	12,762,452	13,636,365
Diluted weighted average common shares outstanding	39,114,141	39,114,141

For the periods where the Company records earnings, the Company calculates diluted earnings per share using the basic weighted average number of shares. If the diluted weighted average number of shares was used, the result would be a reduction in the earnings, which would be anti-dilutive.

6. AMOUNTS PAYABLE AND OTHER LIABILITIES

	April 30, 2021	July 31, 2020
Accounts payable	\$ 745	\$ 4,176

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7. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Transactions with Key Management Personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include the directors of the Company.

The Company compensated key management personnel as follows:

	Three months ended April 30,		Nine months ended April 30,	
	2021	2020	2021	2020
Short-term employee benefits, including salaries	3,375	11,038	11,475	28,863
Fees related to sale of royalty interest (note 4(a))	2,500	-	2,500	-

Short-term employee benefits include salaries, director’s fees, and amounts paid to Hunter Dickinson Services Inc. (“HDSI”) (note 7(b)) for services provided to the Company by certain HDSI personnel who serve as directors or officers of the Company and the fees paid to the new Chief Financial Officer who is independent of HDSI appointed on August 15, 2020.

During the nine months ended April 30, 2021, the Company incurred \$11,000 for the fees to an entity controlled by the new Chief Financial Officer (April 30, 2020 - \$NIL).

(b) Entities with Significant Influence over the Company

Hunter Dickinson Inc. (“HDI”) and its wholly-owned subsidiary HDSI are private companies established by a group of mining professionals. HDSI provides services under contracts for a number of mineral exploration and development companies, and also to companies that are outside of the mining and mineral development space. The Company acquires services from a number of related and arms-length contractors, and it is at the Company’s discretion that HDSI provides certain contract services.

The Company’s Chief Executive Officer, President, Chairman, Former Chief Financial Officer, and Corporate Secretary are employees of HDSI and work for the Company under an employee secondment arrangement between the Company and HDSI.

Pursuant to an agreement dated June 1, 2008, HDSI provides certain technical, geological, corporate communications, regulatory compliance, and administrative and management services to the Company, on a non-exclusive basis as needed and as requested by the Company. As a result of this relationship, the Company has ready access to a range of diverse and specialized expertise on a regular basis, without having to engage or hire full-time employees or experts.

The Company is not obligated to acquire any minimum amount of services from HDSI. The monetary amount of the services received from HDSI in a given period of time is a function of annually set and agreed charge-out rates for and the time spent by each HDSI employee engaged by the Company.

HDSI also incurs third-party costs on behalf of the Company. Third-party costs are billed at cost, without markup.

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There are no ongoing contractual or other commitments resulting from the Company's transactions with HDSI, other than the payment for services already rendered and billed. The agreement may be terminated upon 60 days' notice by either the Company or HDSI.

The following is a summary of transactions with HDSI that occurred during the reporting period:

	Three months ended		Nine months ended	
	April 30,		April 30,	
	2021	2020	2021	2020
Services received based on management services agreement	\$ 13,047	\$ 20,377	\$ 34,785	\$ 55,119
Reimbursement of third party expenses paid	1,038	13,896	5,643	22,201
Total	\$ 14,085	\$ 34,273	\$ 40,428	\$ 77,320

Outstanding balances were as follows:

	April 30, 2021	July 31, 2020
Balance payable to HDSI	\$ 745	\$ 75,832

In January 2016, the Company and HDSI reached a settlement agreement whereby HDSI agreed to forgive the balance due to HDSI in the net amount of \$3,086,089 if the Company completes the following:

- makes a cash payment of \$180,207; and
- issues 1,800,000 shares (pre-forward split basis of 600,000 shares) valued at \$126,000.

The cash payment of \$180,207 was paid during the year ended July 31, 2018 and the shares were issued to HDSI during the year ended July 31, 2020, completing the settlement and resulting in a gain on settlement of debt of \$2,779,882 for the fiscal year ended July 31, 2020.

(c) Related Party Loan

In December 2018, the Company entered into a loan agreement with United Mineral Services Ltd. (the "Lender"), a company owned by a former director, pursuant to which the Lender advanced to the Company a principal sum of \$100,000 with a six-month term, at an interest rate of 10% per annum calculated monthly and payable quarterly. The principal amount and related interest were repaid during the year ended July 31, 2020.

8. OPERATING SEGMENTS

The Company operates in a single reportable operating segment – the acquisition, exploration, and evaluation of mineral property interests. The Company is currently focused on the acquisition and exploration of mineral property interests in Canada.

QUARTZ MOUNTAIN RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

9. EVENT AFTER THE REPORTING PERIOD

On June 10, 2021, the Company announced that it has entered into a mineral claims purchase agreement to purchase nine mineral claims located near Houston, British Columbia for \$105,000 in cash and 1,000,000 shares in the capital of the Company, subject to TSX Venture Exchange approval.

The claims are subject to a 2.5% NSR which can be bought-down to 1% for \$1.5 million. There are no required work commitments for these claims as this transaction is not an option on the mineral claims.