



Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Argo Gold Inc.

Opinion

We have audited the financial statements of Argo Gold Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of loss and comprehensive loss, statements of shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

**Chartered Professional Accountants
Licensed Public Accountants**



Toronto, Ontario
April 28, 2021



Statements of Financial Position
As at

(Expressed in Canadian Dollars)	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash	\$ 1,807,018	\$ 123,585
Subscription receivable	Note 9(b) -	10,800
HST receivable	35,862	14,447
Prepaid expenses	25,600	15,996
Investments	Note 5 1,501,250	152,925
	3,369,730	317,753
Non-current assets		
Mineral properties	Note 7 932,750	808,983
Equipment	Note 8 1,488	926
	\$ 4,303,968	\$ 1,127,662
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	Note 10 \$ 120,445	\$ 268,958
Flow-through share premium liability	Notes 9,12 224,650	5,591
	345,095	274,909
Shareholders' Equity		
Share capital	Note 9(b) 14,668,158	12,791,100
Warrant reserve	Note 9(d) 1,006,229	-
Stock option reserve	Note 9(c) -	471,820
Deficit	(11,715,514)	(12,410,167)
	3,958,873	852,753
	\$ 4,303,968	\$ 1,127,662

Nature of operations and going concern (Note 1)
Commitments (Note 12)

Approved by the Board of Directors and authorized on April 28, 2021:

"Judy Baker"
Judy Baker
Director

"Reinhard Schu"
Reinhard Schu
Director

The accompanying notes form an integral part of these financial statements



**Statements of Loss and Comprehensive Loss
For the years ended**

(Expressed in Canadian Dollars)		December 31,	
		2020	2019
Expenses			
Exploration and evaluation	Note 7	\$ 642,722	\$ 853,736
Management fees	Note 10	144,000	94,000
Consulting fees		129,430	43,500
Professional fees		94,641	56,529
Business development		79,730	68,505
Investor relations		130,099	40,750
General and administrative		83,605	62,969
Listing, filing and regulatory fees		35,464	24,524
Depreciation	Note 8	1,138	5,252
Share-based compensation	Note 9(c)	429,380	312,991
Total expenses		1,770,209	1,562,756
Loss before the undernoted		(1,770,209)	(1,562,756)
Bank charges		(1,158)	(398)
Part X11.6 taxes		(4,106)	-
Interest income		38	40
Flow-through share premium recovery	Notes 9,12	5,951	299,466
Gain on sale of mineral properties	Note 7	1,706,017	-
Realized loss on sale of investments	Note 5	(289,030)	(43,345)
Change in unrealized gain on value of investments	Note 5	145,950	81,555
Net loss and comprehensive loss for the year		\$ (206,547)	\$ (1,225,438)
Net loss per share			
Basic and diluted loss per share		\$ (0.00)	\$ (0.03)
Weighted average number of shares outstanding – basic and diluted		51,289,546	37,413,976

The accompanying notes form an integral part of these financial statements



Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)	Note	Share Capital		Reserves			Total
		Number of Shares	Amount	Warrants	Stock Options	Deficit	
Balance at December 31, 2018		36,329,881	\$ 12,450,329	\$ 245,576	\$ 261,073	\$(11,492,101)	\$ 1,464,877
Flow-through shares issued for cash	9(b)(viii)	1,190,100	142,812	-	-	-	142,812
Flow-through premium	9(b)(viii)	-	(5,951)	-	-	-	(5,951)
Share issue costs	9(b)(viii)	-	(8,275)	-	-	-	(8,275)
Shares issued for debt settlement	9(b)(vi)	996,868	99,687	-	-	-	99,687
Shares issued for services	9(b)(ii)	80,000	12,000	-	-	-	12,000
Expiry of warrants	9(d)	-	-	(245,576)	-	245,576	-
Exercise of stock options	9(b)(c)	600,500	100,498	-	(40,448)	-	60,050
Cancellation of stock options	9(c)	-	-	-	(40,519)	40,519	-
Expiry of stock options	9(c)	-	-	-	(21,277)	21,277	-
Share-based compensation	9(c)	-	-	-	312,991	-	312,991
Net loss for the year		-	-	-	-	(1,225,438)	(1,225,438)
Balance at December 31, 2019		39,197,349	12,791,100	-	471,820	(12,410,167)	852,753
Shares issued for cash as part of unit financings	9(b)(ix)(xii)	19,461,232	2,412,409	-	-	-	2,412,409
Warrants issued as part of unit financings	9(b)(ix)(xii)	-	(971,776)	971,776	-	-	-
Share issue costs on unit financing	9(b)(xii)	-	(92,928)	25,589	-	-	(67,339)
Flow-through shares issued for cash	9(b)(xiii)	1,960,300	431,266	-	-	-	431,266
Flow-through share premium	9(b)(xiii)	-	(224,650)	-	-	-	(224,650)
Share issue costs on flow-through financing	9(b)(xiii)	-	(37,513)	8,864	-	-	(28,649)
Shares issued for debt settlement	9(b)(x)	400,000	50,000	-	-	-	50,000
Shares issued for services	9(b)(x)	700,000	87,500	-	-	-	87,500
Shares issued for mineral property	7, 9(b)(xi)	1,350,000	222,750	-	-	-	222,750
Cancellation of stock options	9(c)	-	-	-	(722,053)	722,053	-
Expiry of stock options	9(c)	-	-	-	(179,147)	179,147	-
Share-based compensation	9(c)	-	-	-	429,380	-	429,380
Net loss for the year		-	-	-	-	(206,547)	(206,547)
Balance at December 31, 2020		63,068,881	\$ 14,668,158	\$ 1,006,229	\$ -	\$(11,715,514)	\$ 3,958,873

The accompanying notes form an integral part of these financial statements



Statements of Cash Flows
For the years ended

(Expressed in Canadian Dollars)	December 31,	
	2020	2019
Cash flows from operating activities		
Net loss for the year	\$ (206,547)	\$ (1,225,438)
Adjustments not affecting cash:		
Depreciation	Note 8 1,138	5,252
Flow-through share premium recovery	Note 12 (5,951)	(299,466)
Share-based compensation	Note 9(c) 429,380	312,991
Shares issue for services	Note 9(b) 87,500	12,000
Gain on sale of mineral properties	Note 7 (1,706,017)	-
Loss on sale of investments	Note 5 289,030	43,345
Change in unrealized gain on value of investments	Note 5 (145,950)	(81,555)
Operating cash flows before changes in non-cash working capital:	(1,257,417)	(1,232,871)
Changes in non-cash working capital:		
HST receivable	(21,415)	13,678
Prepaid expenses	(9,604)	(7,742)
Accounts payable and accrued liabilities	(98,513)	90,872
Cash used in operating activities	(1,386,949)	(1,136,063)
Cash flows from investing activities		
Sale of mineral properties	Notes 5,7 300,000	-
Purchase of mineral property	Note 7 (135,000)	-
Sale of investments	Note 5 148,595	22,310
Purchase of equipment	Note 8 (1,700)	-
Cash provided by investing activities	311,895	22,310
Cash flows from financing activities		
Issuance of common shares	Note 9(b) 2,843,675	142,812
Subscriptions receivable	Note 9(b) 10,800	792,038
Share issue costs	Note 9(b) (95,988)	(8,275)
Exercise of stock options	Note 9(c) -	60,050
Cash provided by financing activities	2,758,487	986,625
Increase (decrease) in cash during the year	1,683,433	(127,128)
Cash, beginning of year	123,585	250,713
Cash, end of year	\$ 1,807,018	\$ 123,585
Supplemental cash flow information:		
Value of common shares issued on debt settlement	Note 9(b) \$ 50,000	\$ 99,687
Value of common shares issued for services	Note 9(b) \$ 87,500	\$ 12,000
Value of finder's warrants issued	Note 9(b) \$ 34,453	\$ -
Value of common shares issued for mineral property	Notes 7,9(b) \$ 222,750	\$ -
Value of investments received on sale of mineral properties	Notes 5,7 \$ 1,640,000	\$ -

The accompanying notes form an integral part of these financial statements



Notes to the Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Argo Gold Inc. (the "Company" or "Argo Gold") was incorporated under the laws of Ontario on December 9, 1995. The Company is listed on the Canadian Stock Exchange ("CSE"), having the symbol ARQ. The Company is currently engaged in the acquisition, exploration and development of mineral properties. Effective September 19, 2016, the Company changed its name to Argo Gold Inc. from Arbitrage Exploration Inc. The address of the Company's corporate office and principal place of business is 350 Bay Street, Suite 700 Toronto, Ontario, M5H 2S6, Canada.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations. Changes in future conditions could require material write downs of the carrying values.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the exploration programs will result in profitable operations. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non-compliance with regulatory, environmental and social licensing requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The Company has not realized a profit from operations and has incurred significant expenditures related to property exploration, resulting in a cumulative deficit of \$11,715,514 as at December 31, 2020 (December 31, 2019 - \$12,410,167). The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its property interests on an advantageous basis. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be successful in future financing activities or be able to execute its business strategy. As at December 31, 2020, the Company had current assets of \$3,369,730 (December 31, 2019 - \$317,753) to cover current liabilities of \$120,445 (December 31, 2019 - \$268,958), exclusive of non-cash flow-through share premium liability.



Notes to the Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and include interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The policies set out were consistently applied to all periods presented unless otherwise noted below.

(b) Basis of Presentation

These financial statements have been prepared on the historical cost basis, except for financial instruments designated at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency. All values are rounded to the nearest dollar.

Certain comparative figures have been reclassified to conform to the current year's presentation. These reclassifications did not affect prior year's net losses.

(c) Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2020 were reviewed, approved and authorized for issue by the Board of Directors of the Company on April 28, 2021.

(d) Use of Estimates and Judgement

The preparation of financial statements in conformity with IFRS requires that management make judgements, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)***Share-based payment transactions***

The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9(c).

Title to exploration and evaluation property interests

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Rehabilitation provisions

The Company records management's best estimate of the present value of the future cash requirements of any rehabilitation obligation as a long-term liability in the period in which the related environmental disturbance occurs based on the net present value of the estimated future costs. This obligation is adjusted at each period end to reflect the passage of time and any changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Capitalization of mineral property acquisition costs

Where mineral properties are acquired through an acquisition agreement, management has determined that capitalized acquisition costs have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits. See Note 7 for details of the Company's capitalized acquisition costs in respect of mineral properties.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)***Impairment of mineral properties***

While assessing whether any indications of impairment exist for mineral properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used and indications of expected economic performance of the properties. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties.

(e) Accounting Standards Adopted in 2020

There were amendments to IFRS standards and interpretations which became effective for periods beginning on or after January 1, 2020. The most significant of these is to IFRS 3 *Business Combinations* which amended the definition of a business. None of these amendments had any material impact on the Company's financial statements.

Amendment to IFRS 3 *Definition of a Business* - The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020. The acquisition of the Talbot Lake property was the acquisition of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES**Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all period presented in these financial statements except where noted.

(a) Cash

Cash consists of cash on deposit with a major Canadian bank. Cash is measured at Amortized Cost.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(b) Exploration and Evaluation Properties****Acquisition Costs**

The costs of acquiring mineral property interests comprised of payments of cash and common shares, are capitalized as mineral property assets. This does not include payments of cash and common shares in respect of option agreements where the ultimate acquisition of the property is uncertain at the time the initial payment is made.

Exploration and Evaluation Expenditures

Payments of cash and common shares pursuant to option agreements, costs of staking and all expenditures on exploration and evaluation activities are recorded as exploration and evaluation expenses until it has been established that a mineral property is commercially viable.

Development Assets

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in-progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

Disposition or Abandonment of Mineral Properties

Proceeds received from the sale of any interest in a mineral property are first credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition cost of the property is written off to operations.

Impairment

The application of the Company's accounting policy for acquisition costs related to mineral properties, requires judgement in determining whether there are future economic benefits, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of the carrying value is unlikely, the amount to be written off is expensed in the statement of operations in the period when the new information becomes available. The Company assesses each cash generating unit ("CGU") at each reporting date to determine whether any indication of impairment exists.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. The carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss in the statement of loss for the period.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(c) Equipment****Recognition and Measurement**

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset.

Depreciation

Depreciation is calculated using the straight-line method over the useful lives of the assets, which is estimated to be a period of 2 years.

Impairment

The carrying amounts of the Company's equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into CGUs for impairment purposes.

An impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of operations. The recoverable amount of an asset is the higher of its fair value less costs to dispose and its value in use.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased. The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized.

(d) Financial Instruments**Financial assets****Initial recognition and measurement**

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Subsequent measurement – financial assets at FVPL**

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company measures its investments at FVPL.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash and subscriptions receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

IFRS 9 allows a simplified approach to impairment assessment, which requires the expected lifetime loss to be recognized at the time of initial recognition of the financial assets. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities**Initial recognition and measurement**

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company’s financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Subsequent measurement – financial liabilities at FVPL**

Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statement of loss.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Fair Value Hierarchy

Financial instruments recorded at fair value on the statements of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices including Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Investments are classified as level 1.

(e) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's common shares, warrants, stock options and flow-through shares are classified as equity instruments. Preference share capital is classified as equity if it is non-retractable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.



Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to share capital and the relative fair value of the warrant component is credited to warrant reserve. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the warrant reserve account is recorded as an increase to share capital. For those warrants that expire unexercised, the recorded fair value is transferred from warrant reserve to deficit.

(g) Flow-Through Shares

Upon the issuance of flow-through shares, the Company records the initial proceeds to capital stock, net of tax liability, if any. The flow-through share premium liability on the statement of financial position represents the premium of the financing price in excess of the market share price on the date of the flow-through share financing. The financial liability pertaining to the premium is recognized in the statement of operations consistent with expenditure renunciations. As the Company incurs eligible Canadian Exploration Expenditures (“CEE”) to meet flow-through requirements, a corresponding tax liability is recognized, reflecting the difference between the accounting and tax basis of the expenditures.

(h) Share-Based Payments

The Company accounts for share-based payments using the fair value method. Under this method, compensation expense for employees is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in stock option reserve, a component of equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

Upon the exercise of stock options, consideration paid by the option holder together with the amount previously recognized in the stock option reserve account is recorded as an increase to share capital. For those options that are cancelled or expire after vesting, the recorded fair value is transferred from stock option reserve to deficit.

Warrants, stock options, and other equity instruments issued as purchase consideration in non-cash transactions are recorded at fair value of the goods or services received or if the value of the goods or services received is not reliably measurable then the value of such goods and services are measured with reference to the fair value of the equity instruments issued. With respect to the acquisition of exploration and evaluation assets, the Company does not believe that the fair value of these assets is reliably measurable at the time of purchase. As such, when shares of the Company are issued as consideration for the purchase of exploration and evaluation assets, the fair value of the asset is based upon the price of the Company’s shares on the date of the agreement to issue shares as determined by the Board of Directors. In the event that options or warrants are issued where the fair value of goods or services are not reliably measurable, they are valued using the Black-Scholes pricing model.



Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Reclamation Obligation

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive.

The fair value of the liability for an asset retirement obligation is recorded when the legal obligation arises and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. The Company does not currently have any significant legal or constructive obligations and therefore, no reclamation provision has been recorded as at December 31, 2020 and December 31, 2019.

(j) Loss Per Common Share

The Company presents basic and diluted loss per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible warrants and stock options granted by the Company. Diluted loss per share for the periods presented does not include the effect of the stock options and warrants issued by the Company, as they are anti-dilutive.

(k) Income Taxes

Income tax expense is comprised of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purpose.

Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. An asset is recognized on the statement of financial position only when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in operations in the period in which the change is substantively enacted.

Notes to the Financial Statements

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4. FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up to date market information.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an ongoing basis.

Commodity Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company monitors commodity prices as they relate to gold and the stock market to determine the appropriate course of action to be taken.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. The 2021 budget is planned to be funded from financings completed on December 23, 2020 (see Note 9). There is no certainty of the Company's ability to complete additional financings.

As at December 31, 2020 the Company held cash of \$1,807,018 (cash and subscription receivable as at December 31, 2019 - \$134,385) to settle current liabilities of \$120,445 (December 31, 2019 - \$268,958), exclusive of non-cash flow-through share premium liability. As at December 31, 2020, the Company is committed to spending \$431,266 of its cash on eligible CEE (December 31, 2019 - \$142,812).



Notes to the Financial Statements

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4. FINANCIAL INSTRUMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at market rates. In the event that the Company held interest bearing debt, the Company could be exposed to interest rate risk. The Company does not have any interest-bearing debt. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and subscriptions receivable. The Company has reduced its credit risk by investing its cash with a Canadian chartered bank. The subscription receivable as at December 31, 2019 was received in January 2020.

The Company's financial assets and liabilities as at December 31, 2020 and 2019 were as follows:

	Amortized Cost	FVPL	Total
December 31, 2019			
Financial assets			
Cash	\$ 123,585	\$ -	\$ 123,585
Subscription receivable	\$ 10,800	\$ -	\$ 10,800
Investments	\$ -	\$ 152,925	\$ 152,925
Financial liabilities			
Accounts payable and accrued liabilities	\$ 268,958	\$ -	\$ 268,958
December 31, 2020			
Financial assets			
Cash	\$ 1,807,018	\$ -	\$ 1,807,018
Investments	\$ -	\$ 1,501,250	\$ 1,501,250
Financial liabilities			
Accounts payable and accrued liabilities	\$ 120,445	\$ -	\$ 120,445

At December 31, 2020 and 2019, there were no significant concentrations of credit risk for receivables. The carrying amounts reflected above represent the Company's maximum exposure to credit risk for such receivables.

The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.



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5. INVESTMENTS

	December 31, 2020			December 31, 2019		
	Shares	Share Price	Fair Value	Shares	Share Price	Fair Value
Cross River Ventures Corp.	2,500,000	\$0.340	\$ 850,000	-	-	\$ -
Angus Gold Inc.	800,000	\$0.800	640,000	-	-	-
Manitou Gold Inc.	250,000	\$0.045	11,250	3,375,000	\$0.045	151,875
RT Minerals Corp.	-	-	-	35,000	\$0.030	1,050
Total Fair Value of Investments			\$1,501,250			\$ 152,925

On February 14, 2018, Argo Gold completed a purchase and sale agreement to sell a 100% interest in the South Wawa Gold Project to RT Minerals Corp. (“RT Minerals”) (TSX-V: RTM) for consideration of 350,000 common shares of RT Minerals. On June 19, 2018, RT Minerals announced a consolidation of its common shares on the basis of one (1) post-consolidated share for every ten (10) pre-consolidated shares.

On November 23, 2020, Argo Gold sold its investment of 35,000 shares of RT Minerals Corp. at \$0.17 per share for net proceeds of \$5,800. No shares of RT Minerals were sold in 2019.

On April 4, 2018, the Company completed a purchase and sale agreement to sell a 100% interest in its Rockstar Gold Project located in the Sault Ste. Marie Mining Division, to Manitou Gold Inc. (“Manitou”) (TSX-V: MTU) with the following consideration payable to Argo Gold:

- i) \$200,000 cash payable on closing;
- ii) 4.0 million shares of Manitou payable on closing; and
- iii) 1.0% net smelter return (“NSR”), of which Manitou has a one-time right to buy back 0.5% of the NSR for \$500,000.

During the year ended December 31, 2020, the Company sold 3,125,000 shares of Manitou for net proceeds of \$142,795 (December 31, 2019 – 485,000 for proceeds of \$22,310).

On November 12, 2020, the Company announced the sale of a 100% interest in the McVicar Lake Gold Project in the Patricia Mining Division in northwestern Ontario to Cross River Ventures Corp. (“Cross River”) (CSE: CRVC) for the following consideration:

- i) \$200,000 cash - received November 18, 2020;
- ii) 2,500,000 common shares of Cross River - received November 13, 2020; and
- iii) 2.0% NSR royalty on commercial production, of which 1.0% can be repurchased at any time for a cash payment of \$1,000,000.

The common shares of Cross River are subject to the following escrow arrangement:

- i) 625,000 shares released March 14, 2021;
- ii) 625,000 shares released June 12, 2021;
- iii) 625,000 shares released September 10, 2021; and
- iv) 625,000 shares released December 9, 2021.

On November 16, 2020, the Company announced the sale of a 100% interest in the Wawa Area Gold Projects comprised of the Macassa Lake, Mishi Lake and Abbie Lake properties to Angus Gold Inc. (“Angus Gold”) (TSX-V: GUS) for the following consideration:

- i) \$100,000 cash – received November 26, 2020; and
- ii) 800,000 common shares of Angus Gold – received November 27, 2020.

The 800,000 shares of Angus Gold are subject to a four month and a day hold period.



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6. CAPITAL MANAGEMENT

The Company defines capital management as the manner in which it manages its share capital. As at December 31, 2020, the Company's share capital was \$14,668,158 (December 31, 2019 - \$12,791,100).

There were no changes in the Company's approach to capital management during the years ended December 31, 2020 and 2019 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure, that optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments or make adjustments to its capital expenditure program.

7. MINERAL PROPERTIES

Acquisition Costs	December 31, 2020	December 31, 2019
Uchi Gold Project	\$ 285,000	\$ 285,000
Talbot Lake Gold Project	357,750	-
Hurdman Silver-Zinc Project	290,000	290,000
Wawa Area Gold Projects	-	233,983
Total exploration and evaluation assets	\$ 932,750	\$ 808,983

Uchi Gold Project

The Uchi Gold Project is comprised of a number of mineral claims located in Earnsey Township, approximately 85 km northeast of Ear Fall, Ontario and 1.5 km south of the past-producing Uchi gold mine. The Uchi Gold Project claims have been assembled through a series of property acquisitions and claims staking by the Company as more fully described below.

On February 15, 2017, the Company acquired a 100% interest in the Woco mineral claims from Dollard Mines Ltd. in exchange for 1.0 million common shares of Argo Gold and a 2.0% NSR royalty on the claims. The fair value of the 1.0 million shares was estimated at \$160,000 based on their market price of \$0.16 per share.

On August 8, 2017, the Company acquired a 100% interest in the Northgate mineral claims, adjacent to the Woco mineral claims, from Rubicon Minerals Corporation in exchange for 500,000 common shares of the Argo Gold and a 2.0% NSR royalty on the claims (with 1.0% of this 2.0% NSR entitled to a third party per an existing agreement). 0.5% of the NSR can be purchased back by the Company for a price of \$500,000. The fair value of the 500,000 shares was estimated at \$95,000 based on their market price of \$0.19 per share.



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7. MINERAL PROPERTIES (Continued)

On February 22, 2018, the Company acquired the Geisler patented mining claims, adjacent to the northern boundary of the Woco claims, from Premier Gold Mines Limited, in exchange for 200,000 common shares of Argo Gold. The fair value of the shares was estimated at \$30,000 based on their market price of \$0.15 per share, on the date the acquisition agreement was signed.

In the spring of 2018, the Company staked additional claims adjacent to the west-southwest property boundary and in February 2019, the Company staked additional claims to the northwest and to the northeast property boundaries.

Talbot Lake Gold Project

On June 10, 2020, the Company acquired a 100% interest in 38 mineral claims, covering 760 hectares, near Talbot Lake, in the Pickle Lake area of the Patricia Mining District, from Denison Mines Inc. ("Denison") in exchange for \$135,000 in cash, 1,350,000 common shares of Argo Gold and a 2.0% NSR royalty on the claims, 1.0% of which can be purchased back for \$1.0 million. The fair value of the 1,350,000 shares was estimated at \$222,750 based on their market price of \$0.165 per share.

In addition, if Argo Gold establishes an aggregate mineral resource estimate across all categories, of greater than one million ounces of gold or gold equivalent in accordance with National Instrument 43-101, the Company will make a one-time payment to Denison of \$1.5 million either in cash or in common shares of Argo Gold, at the option of the Company.

The mineral claims are also subject to a pre-existing royalty, which is 3.0% of exploration expenses to a maximum of \$245,180 and an additional \$100,000 owing on a production decision.

During May 2020, Argo Gold staked an additional 399 mineral claims covering approximately 7,982 hectares, covering the geological strike length of the Talbot Lake Gold Project. During June 2020, Argo Gold staked an additional 141 mineral claims adjacent to the Talbot Lake Gold Project. The \$27,000 in staking costs were expensed.

Hurdman Property

On September 4, 2013, the Company acquired the Hurdman Silver-Zinc Property from Eoro Resources Ltd. ("Eoro") located in Hurdman Township, in exchange for 5,000,000 common shares (1,250,000 post-consolidation) of Argo Gold and \$40,000 in cash. The fair value of the 5.0 million shares was estimated at \$250,000 based on their pre-consolidation market price of \$0.05 per share.

In the spring of 2018, Argo Gold staked additional claims to the southeast. All the claims comprising the Hurdman Property are 100% owned by Argo Gold.

Cobalt and Zinc Projects

In the spring of 2018, Argo Gold staked the Keelow Lake cobalt property and the Percy Lake zinc property in the Sault Ste. Marie Mining Division in Northern Ontario. These claims are owned 100% by Argo Gold.

Angela Lake

In the spring of 2018, Argo Gold staked claims at Angela Lake in the Red Lake Mining Division.



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7. MINERAL PROPERTY INTERESTS (Continued)

Wawa Area Gold Projects

On November 7, 2016, the Company acquired a 100% interest in mineral claims located in the townships of Jacobson, Riggs, Abbie Lake area and David Lakes area near Wawa, Ontario from Upper Canada Exploration Inc., in exchange for 1,739,833 common shares of Argo Gold and a 2.0% NSR on the mineral claims. The fair value of the 1,739,833 shares was estimated at \$173,983 based on their market price of \$0.10 per share.

The mineral claims included the Macassa Creek property, consisting of two mineral claims in the David Lakes area, the Abbie Lake property in the Abbie Lake area and the Rockstar Property in Jacobson and Riggs townships. On April 4, 2018, the Company sold the 16 claims comprising the Rockstar Property, to Manitou Gold Inc. for \$200,000 in cash and 4,000,000 common shares of Manitou (see Note 5).

In February 2017, the Company staked claims comprising the South Wawa Gold Project, to the southwest of Wawa in Naveau Township, Sault Ste. Marie Mining Division. On February 14, 2018, Argo Gold completed a purchase and sale agreement to sell its 100% interest in these claims to RT Minerals Corp. in exchange for 350,000 common shares of RT Minerals (see Note 5).

On April 7, 2017, the Company acquired a 100% interest in three mineral claims covering 656 hectares, one in the Mishibishu Lake Area and two in St. Germain Township of the Sault Ste. Marie Mining Division (the “Mishi Lake Gold Project”), in exchange for an aggregate of 250,000 common shares of Argo Gold. The fair value of the shares was estimated at \$60,000 based on their market price of \$0.24 per share.

In the spring of 2018, the Company staked additional mineral claims adjacent to the west property boundary at Macassa Creek and adjacent to the east boundary at Abbie Lake.

On November 16, 2020, the Company announced the sale of a 100% interest in its Wawa Area Gold Projects comprised of the Macassa Creek, Abbie Lake and Mishi Lake properties to Angus Gold Inc. for the following consideration:

- iii) \$100,000 cash – received November 26, 2020; and
- iv) 800,000 common shares of Angus Gold – received November 27, 2020 (see Note 5).

Per the terms of the Property Sale Agreement, the fair value of the 800,000 shares of Angus Gold was estimated at \$640,000 based on their market price of \$0.80 per share. The Company recorded a gain of \$506,017 on the disposition of the Wawa Area properties.

McVicar Lake Gold Project

In June 2016, the Company staked claims in the McVicar Lake and Stoughton Lake areas located approximately 90 km west of Pickle Lake, in the Patricia Mining Division in northwestern Ontario. In September 2017, the Company staked additional claims adjacent to the west boundary and in the spring of 2018, staked additional claims adjacent to the south boundary (collectively, the “McVicar Lake Gold Project”). All of the claims were owned 100% by Argo Gold.



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7. MINERAL PROPERTY INTERESTS (Continued)

On November 12, 2020, the Company announced the sale of a 100% interest in the McVicar Lake Gold Project to Cross River Ventures Corp. (“Cross River”) for the following consideration:

- i) \$200,000 cash - received November 18, 2020;
- ii) 2,500,000 common shares of Cross River - received November 13, 2020 (see Note 5);
- iii) 2.0% NSR royalty on commercial production, of which 1.0% can be repurchased at any time for a cash payment of \$1,000,000.

The shares of Cross River are subject to the following escrow arrangement:

- v) 625,000 shares released March 14, 2021;
- vi) 625,000 shares released June 12, 2021;
- vii) 625,000 shares released September 10, 2021; and
- viii) 625,000 shares released December 9, 2021.

The fair value of the 2,500,000 shares of Cross River was estimated at \$1,000,000 based on their market price of \$0.40 per share. The Company did not have any amounts capitalized in respect of the McVicar Lake Gold Project and has recorded a gain of \$1,200,000 on the disposition of the mineral interests.

Exploration and Evaluation Expenditures

For the year ended

December 31, 2020	Uchi	Hurdman	Wawa Area	Talbot Lake	Other	Total
Stripping program	\$253,700	\$ -	\$ -	\$ -	\$ -	\$ 253,700
Consulting fees	139,868	12,750	58,849	43,483	37,710	292,660
Re-assay program	18,962	-	-	-	-	18,962
Land management	7,747	5,555	4,247	3,315	4,071	24,935
Staking costs	-	-	450	27,000	1,250	28,700
Other costs	18,337	-	-	-	4,964	23,301
Property taxes	464	-	-	-	-	464
	\$439,078	\$ 18,305	\$ 63,546	\$ 73,798	\$ 47,995	\$ 642,722

For the year ended

December 31, 2019	Uchi	Hurdman	Wawa Area	Other	Total
Expenditures during the year:					
Drilling program	\$ 513,850	\$ -	\$ -	\$ -	\$ 513,850
Biogeochemical survey	119,103	-	-	-	119,103
Consulting fees	119,272	-	4,100	8,345	131,717
Social and community	28,352	-	-	-	28,352
Land management	37,312	8,213	3,910	5,515	54,950
Staking costs	-	-	200	5,100	5,300
Property taxes	464	-	-	-	464
	\$ 818,353	\$ 8,213	\$ 8,210	\$ 18,960	\$ 853,736



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8. EQUIPMENT

Cost	Office Equipment	Computer Hardware	Total
Balance, December 31, 2019	\$ -	\$ 6,390	\$ 6,390
Additions	-	1,700	1,700
Less: assets no longer in use	-	(1,650)	(1,650)
Balance, December 31, 2020	-	6,440	6,440
Accumulated depreciation			
Balance, December 31, 2019	-	5,464	5,464
Depreciation for the period	-	1,138	1,138
Less: assets no longer in use	-	(1,650)	(1,650)
Balance, December 31, 2020	-	4,952	4,952
Net book value - December 31, 2020	\$ -	\$ 1,488	\$ 1,488

Cost	Office Equipment	Computer Hardware	Total
Balance, December 31, 2018	\$ 4,438	\$ 10,896	\$ 15,334
Less: assets no longer in use	(4,438)	(4,506)	(8,944)
Balance, December 31, 2019	-	6,390	6,390
Accumulated depreciation			
Balance, December 31, 2018	4,438	4,718	9,156
Depreciation for the year	-	5,252	5,252
Less: assets no longer in use	(4,438)	(4,506)	(8,944)
Balance, December 31, 2019	-	5,464	5,464
Net book value - December 31, 2019	\$ -	\$ 926	\$ 926

The assets no longer in use, were fully depreciated and are no longer in the Company's possession.

9. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of special shares, issuable in series.

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9. SHARE CAPITAL (Continued)
b) Issued and outstanding

Share Capital	Note 9(b)	Number of Common Shares	Amount
Balance at December 31, 2018		36,329,881	\$ 12,450,329
Common shares issued for services – January 28, 2019	(ii)	80,000	12,000
Common shares issued to settle debt – July 4, 2019	(vi)	996,868	99,687
Exercise of stock options – cash proceeds	(i, iii, iv, v, vii)	600,500	60,050
Exercise of stock options – fair value	(i, iii, iv, v, vii)	-	40,448
Private placement \$0.12 flow-through common shares	(viii)	1,190,100	142,812
Less: premium on flow-through common shares	(viii)	-	(5,951)
Share issue costs – cash	(viii)	-	(8,275)
Balance at December 31, 2019		39,197,349	\$ 12,791,100
Private placement – Units at \$0.09 – February 5, 2020	(ix)	11,200,000	1,008,000
Less: warrant valuation	(ix)	-	(438,100)
Common shares issued to settle debt – February 18, 2020	(x)	1,100,000	137,500
Common shares issued for mineral property – June 10, 2020	(xi)	1,350,000	222,750
Private placement – Units at \$0.17 – December 23, 2020	(xii)	8,261,232	1,404,409
Less: warrant valuation	(xii)	-	(533,676)
Private placement – \$0.22 flow-through common shares	(xiii)	1,960,300	431,266
Less: premium on flow-through common shares	(xiii)	-	(224,650)
Share issue costs – cash	(xii, xiii)	-	(95,988)
Share issue costs – fair value of warrants	(xii, xiii)	-	(34,453)
Balance at December 31, 2020		63,068,881	\$ 14,668,158

- (i) On January 21, 2019, 100,000 common shares were issued on exercise of options, at an exercise price of \$0.10, for gross proceeds of \$10,000. Grant date fair value of \$6,722 was transferred from stock option reserve to share capital in connection with the exercise.
- (ii) On January 28, 2019, the Company settled indebtedness of \$12,000 through the issuance of 80,000 common shares at a price of \$0.15 per common share.
- (iii) On February 5, 2019, 50,000 common shares were issued on exercise of options, at an exercise price of \$0.10, for gross proceeds of \$5,000. Grant date fair value of \$1,936 was transferred from stock option reserve to share capital in connection with the exercise.
- (iv) On February 12, 2019, 200,000 common shares were issued on exercise of options, at an exercise price of \$0.10, for gross proceeds of \$20,000. Grant date fair value of \$16,391 was transferred from stock option reserve to share capital in connection with the exercise.
- (v) On February 19, 2019, 200,000 common shares were issued on exercise of options, at an exercise price of \$0.10, for gross proceeds of \$20,000. Grant date fair value of \$13,444 was transferred from stock option reserve to share capital in connection with the exercise.
- (vi) On July 4, 2019, the Company settled indebtedness of \$99,687, with a company in which a former director and officer is a principal, through the issuance of 996,868 common shares at a price of \$0.10 per share.



Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

- (vii) On July 22, 2019, 50,500 common shares were issued on exercise of options, at an exercise price of \$0.10, for gross proceeds of \$5,050. Grant date fair value of \$1,955 was transferred from stock option reserve to share capital in connection with the exercise.
- (viii) On December 31, 2019, the Company completed a non-brokered private placement offering through the issuance of 1,190,100 flow-through common shares at a price of \$0.12 per flow-through share, for gross proceeds of \$142,812. In connection with financing, the Company paid cash finder's fees of \$8,275. The Company recognized a flow-through premium of \$5,951 as a result of the issuance of flow-through shares. \$10,800 of the proceeds was recorded as subscriptions receivable and received in January 2020.
- (ix) On February 5, 2020, the Company completed a non-brokered private placement offering, with an entity beneficially owned by Mr. Eric Sprott, through the issuance of 11,200,000 units at a price of \$0.09 per unit, for gross proceeds of \$1,008,000. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at an exercise price of \$0.12 for a period of thirty-six (36) months from the date of closing. The grant date fair value of the warrants issued was estimated to be \$438,100 based on their black-scholes value, using assumptions noted in Note 9(d).
- (x) On February 18, 2020, the Company settled aggregate indebtedness of \$137,500 with six creditors through the issuance of 1,100,000 common shares at a price of \$0.125 per common share. \$50,000 of this amount related to services provided in 2019 by an officer of the Company and an independent director of the Company. \$87,500 of this amount related to services to be provided by consultants during the year ended December 31, 2020.
- (xi) On June 10, 2020, the Company issued 1,350,000 common shares in connection with the purchase of the Talbot Lake mineral property. The fair value of the 1,350,000 shares was estimated at \$222,750 based on their market price of \$0.165 per share (see Note 7).
- (xii) On December 23, 2020, the Company completed a non-brokered private placement offering through the issuance of 8,261,232 units at a price of \$0.17 per unit for aggregate gross proceeds of \$1,404,409. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at an exercise price of \$0.24 for a period of twenty-four (24) months from the date of closing. The grant date fair value of the warrants issued was estimated to be \$533,676 based on their black-scholes value, using assumptions noted in Note 9(d). In connection with the issuance of the units, the Company paid a finder's fee equal to \$67,339 and issued an aggregate of 396,112 finder's warrants. Each finder warrant is exercisable into one common share at a price of \$0.24 per share for twenty-four (24) months from the date of closing. The grant date fair value of these warrants was estimated to be \$25,589 based on their black-scholes value using assumptions noted in Note 9(d).

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

(xiii) On December 23, 2020, the Company completed a non-brokered private placement offering through the issuance of 1,960,300 flow-through common shares at a price of \$0.22 per flow-through common share, for aggregate gross proceeds of \$431,266. In connection with the issuance of the flow-through common shares, the Company paid a finder's fee of \$28,649 and issued an aggregate of 137,221 finder's warrants. Each finder warrant is exercisable into one common share at a price of \$0.24 per share for twenty-four (24) months from the date of closing. The grant date fair value of these warrants was estimated to be \$8,864 based on their black-scholes value using assumptions noted in Note 9(d). The Company recognized a flow-through share premium of \$224,650 as a result of the issuance of the flow-through shares.

(c) Stock Options

The Company has a stock option plan to provide directors, officers, employees and consultants with options to purchase common shares of the Company. The maximum number of common shares reserved for issuance upon the exercise of options, is not to exceed 10% of the total number of common shares outstanding immediately prior to such issuance. While stock options have a maximum term of five years and a vesting period and exercise price determined by the board of directors, they have generally been granted for a term of three years with vesting occurring immediately. The exercise price of the stock options is fixed by the board of directors and may not be less than the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

The following table reflects the continuity of stock options for the years ended December 31, 2020 and 2019.

	Number of Stock Options	Weighted Average Exercise Price
Outstanding at December 31, 2018	2,949,000	\$ 0.13
Granted	2,900,000	\$ 0.15
Exercised	(600,500)	\$ 0.10
Cancelled	(949,000)	\$ 0.12
Expired	(549,500)	\$ 0.10
Outstanding at December 31, 2019	3,750,000	\$ 0.15
Granted	3,400,000	\$ 0.17
Cancelled	(6,000,000)	\$ 0.16
Expired	(1,150,000)	\$ 0.18
Outstanding at December 31, 2020	-	\$ -

Stock Option Grants

On July 25, 2019, the Company granted options to purchase up to 2,200,000 common shares of the Company to directors, officers and consultants at a price of \$0.15 per share. The Company recorded \$275,484 of share-based compensation expense, being the entire grant date fair value.

On December 2, 2019, the Company granted options to purchase up to 700,000 common shares of the Company to directors, an officer and consultants at a price of \$0.15 per share. The Company recorded \$60,620 of share-based compensation expense, being the entire grant date fair value.



Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

On February 13, 2020, the Company granted options to purchase up to 1,400,000 common shares of the Company to directors, officers and consultants at a price of \$0.15 per share. The options vested immediately and are exercisable for a period of 3 years. Of the options granted, 800,000 were granted to a directors and officers of the Company. The Company recorded \$139,020 of share-based compensation expense, being the entire grant date fair value.

On April 16, 2020, the Company granted options to purchase up to 400,000 common shares of the Company to consultants at a price of \$0.15 per share. The Company recorded \$30,680 of share-based compensation expense, being the entire grant date fair value.

On May 20, 2020, the Company granted options to purchase up to 400,000 common shares of the Company, 200,000 to a director and 200,000 to a consultant at a price of \$0.15 per share. The Company recorded \$44,760 of share-based compensation expense, being the entire grant date fair value.

On June 10, 2020, the Company granted options to purchase up to 400,000 common shares of the Company to two directors at a price of \$0.165 per share. The Company recorded \$55,120 of share-based compensation expense, being the entire grant date fair value.

On August 17, 2020, the Company granted options to purchase up to 400,000 common shares of the Company, 200,000 to a director and 200,000 to a consultant at a price of \$0.27 per share. The Company recorded \$89,880 of share-based compensation expense, being the entire grant date fair value.

On September 9, 2020, the Company granted options to purchase up to 400,000 common shares of the Company to two consultants at a price of \$0.21 per share. The Company recorded \$69,920 of share-based compensation expense, being the entire grant date fair value.

All the options granted vested immediately and are exercisable for a period of 3 years.

The fair value of the options granted, are estimated on the dates of grant using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Stock Price	Exercise Price	Risk-free Interest Rate	Expected Stock Price Volatility	Expected Life (in years)	Expected Dividend Rate	Expected Forfeiture Rate
July 25, 2019	\$0.145	\$0.15	1.52%	172%	3	0%	0%
December 2, 2019	\$0.105	\$0.15	1.59%	166%	3	0%	0%
February 13, 2020	\$0.12	\$0.15	1.47%	163%	3	0%	0%
April 16, 2020	\$0.095	\$0.15	0.36%	164%	3	0%	0%
May 20, 2020	\$0.135	\$0.15	0.29%	161%	3	0%	0%
June 10, 2020	\$0.165	\$0.165	0.27%	160%	3	0%	0%
August 17, 2020	\$0.27	\$0.27	0.29%	159%	3	0%	0%
September 9, 2020	\$0.21	\$0.21	0.27%	159%	3	0%	0%



Notes to the Financial Statements

For the years ended December 31, 2020 and 2019
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9. SHARE CAPITAL (Continued)

Stock Option Exercises

During the year ended December 31, 2019, options to purchase 600,500 common shares were exercised at a price of \$0.10 per share for proceeds of \$60,050. Aggregate grant date fair value of \$40,448 was transferred from stock option reserve to share capital in connection with the exercise. See Notes 9(b)(i), (iii), (iv), (v) and (vii) for specific details of the exercises.

No stock options were exercised during the year ended December 31, 2020.

Stock Option Cancellations

During the year ended December 31, 2019, options to purchase up to 949,000 common shares at a weighted average price of \$0.12 per share were cancelled. Aggregate grant date fair value of \$40,519 was transferred from stock option reserve to deficit.

On February 17, 2020, options to purchase up to 800,000 common shares, held by an officer who was also a director, at a price of \$0.15 per share were cancelled. Grant date fair value of \$100,176 was transferred from stock option reserve to deficit.

On September 8, 2020, options to purchase up to 200,000 common shares at a price of \$0.15 per share, granted to a former director of the Company, were cancelled. Grant date fair value of \$17,320 was transferred from stock option reserve to deficit.

On December 31, 2020, the Company and all current optionees entered into a forfeiture and cancellation agreement, whereby all outstanding stock options to purchase up to 5,000,000 common shares at a weighted average price of \$0.16 per share, were cancelled. Aggregate grant date fair value of \$604,557 was transferred from stock option reserve to deficit. 1,600,000 of the cancelled options were held by directors and officers of the Company, while a further 200,000 were held by a former officer who was also a director.

Stock Option Expiries

On August 18, 2019, options to purchase up to 549,500 common shares at a price of \$0.10 per share, expired unexercised. Aggregate grant date fair value of \$21,277 was transferred from stock option reserve to deficit.

On January 31, 2020, options to purchase up to 200,000 common shares at a price of \$0.15 per share, granted to a former officer of the Company, expired unexercised. Grant date fair value of \$25,043 was transferred from stock option reserve to deficit.

On March 31, 2020, options to purchase up to 250,000 common shares at a price of \$0.18 per share, expired unexercised. Aggregate grant date fair value of \$40,701 was transferred from stock option reserve to deficit.

On June 28, 2020, options to purchase up to 500,000 common shares at a price of \$0.20 per share, expired unexercised. Aggregate grant date fair value of \$93,543 was transferred from stock option reserve to deficit.



Notes to the Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

On December 8, 2020, options to purchase up to 200,000 common shares at a price of \$0.15 per share, granted to a former director of the Company, expired unexercised. Grant date fair value of \$19,860 was transferred from stock option reserve to deficit.

As at December 31, 2020, there were no stock options outstanding or exercisable.

The weighted average remaining contractual life of options outstanding and exercisable at December 31, 2020 is nil years (December 31, 2019 – 2.11 years) at a weighted average exercise price of \$nil (December 31, 2019 - \$0.15).

(d) Warrants

The following table reflects the continuity of warrants for the years ended December 31, 2020 and 2019:

	Number of Warrants	Issue Date Fair Value	Weighted Average Exercise Price
Balance at December 31, 2018	2,571,583	\$ 245,576	\$ 0.28
Expired	(2,571,583)	(245,576)	0.28
Balance at December 31 2019	-	-	\$ -
Issued	19,994,565	1,006,229	0.17
Balance, December 31, 2020	19,994,565	\$ 1,006,229	\$ 0.17

Warrant Expiries

In May 2019, an aggregate total of 1,319,850 warrants exercisable into 1,319,850 common shares at a price of \$0.30 per share expired. Issuance date fair value of \$157,367 was transferred from warrant reserve to deficit.

In December 2019, an aggregate total of 1,251,733 warrants exercisable into 1,251,733 common shares at a price of \$0.25 per share expired. Issuance date fair value of \$88,209 was transferred from warrant reserve to deficit.

Warrant Issuances

On February 5, 2020, the Company issued 11,200,000 warrants in connection with a \$0.09 unit financing (see Note 9(b)(ix)). Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.12 for a period of thirty-six (36) months from the date of closing. Issue date fair value of \$438,100 was transferred from share capital to warrant reserve.

On December 23, 2020, the Company issued 8,261,232 warrants in connection with a \$0.17 unit financing (see Note 9(b)(xii)). Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.24 for a period of twenty-four (24) months from the date of closing. Issue date fair value of \$533,676 was transferred from share capital to warrant reserve.

In connection with the unit and flow-through financings completed on December 23, 2020 (see Notes 9(b)(xii) and (xiii)), the Company issued 533,333 finder's warrants. Each finder warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.24 for a period of twenty-four (24) months from the date of closing. Issue date fair value of \$34,453 was recorded as share issue costs.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

The fair value of the warrants issued, are estimated on the dates of issue using the Black-Scholes pricing model with the following assumptions:

Issue Date	Stock Price	Exercise Price	Risk-free Interest Rate	Expected Stock Price Volatility	Expected Life (in years)	Expected Dividend Rate
February 5, 2020	\$0.05	\$0.12	1.48%	163%	3	0%
December 23, 2020	\$0.105	\$0.24	0.23%	157%	2	0%

As at December 31, 2020, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Warrants Outstanding	Exercise Price	Weighted Average Remaining Life (years)	Expiry Date	Issue Date Fair Value
11,200,000	\$0.12	2.07	February 5, 2023	\$ 438,100
8,261,232	\$0.24	1.98	December 22, 2022	533,676
533,333	\$0.24	1.98	December 22, 2022	34,453
19,994,565	\$0.17	2.03		\$ 1,006,229

The weighted average remaining contractual life of warrants outstanding as at December 31, 2020 is 2.03 years at a weighted average exercise price of \$0.17. There were no warrants outstanding as at December 31, 2019.

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION
Key Management Compensation

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

	For the Years Ended December 31,	
	2020	2019
Management fees – paid to CEO	\$ 60,000	\$ 25,000
Exploration and evaluation fees – paid to CEO ⁽¹⁾	60,000	35,000
Management fees – paid for CFO services	84,000	69,000
Exploration and evaluation fees - paid to President ⁽¹⁾	-	83,071
Consulting fees – paid to independent directors	31,000	23,000
Total fees paid to management	235,000	235,071
Share-based payments	201,880	184,904
	\$ 436,880	\$ 419,975

(1) Amount included in “Consulting fees” in exploration and evaluation expenditures.



Notes to the Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)

	For the Years Ended December 30,	
	2020	2019
Legal fees charged by a former officer/director for legal and corporate secretarial services	\$ -	\$ 22,026

Related Party Transactions

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

On February 12, 2019, options to purchase 200,000 common shares of the Company at a price of \$0.10 per share, were exercised by an officer of the Company for gross proceeds of \$20,000 (see Note 9(b)(iv)).

On July 4, 2019, the Company settled indebtedness of \$99,687, with a company in which a former director and officer is a principal, through the issuance of 996,868 common shares at a price of \$0.10 per share (see Note 9(b)(vi)).

On July 25, 2019, the Company granted stock options to purchase up to an aggregate of 1,350,000 common shares of the Company at a price of \$0.15 per share to directors and officers of the Company (see Note 9(c)).

On December 2, 2019, the Company granted stock options to purchase up to an aggregate of 450,000 common shares of the Company at a price of \$0.15 per share to directors and an officer of the Company (see Note 9(c)).

On December 31, 2019, the Company cancelled stock options to purchase up to an aggregate of 200,000 common shares of the Company at a price of \$0.15 per share, held by a director of the Company (see Note 9(c)).

On February 13, 2020, the Company granted stock options to purchase up to an aggregate of 800,000 common shares of the Company at a price of \$0.15 per share to directors and officers of the Company (see Note 9(c)).

On February 17, 2020, the Company cancelled stock options to purchase up to an aggregate of 800,000 common shares of the Company at a price of \$0.15 per share, held by a former officer and director of the Company (see Note 9(c)).

On February 18, 2020, the Company settled aggregate indebtedness of \$50,000, through the issuance of 400,000 common shares at a price of \$0.125 per share, to an officer, who is also a director and an independent director of the Company (see Note 9(b)(x)).

On May 20, 2020, the Company granted stock options to purchase up to an aggregate of 200,000 common shares of the Company at a price of \$0.15 per share to a director of the Company (see Note 9(c)).



Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)

On June 10, 2020, the Company granted stock options to purchase up to an aggregate of 400,000 common shares of the Company at a price of \$0.165 per share to two directors of the Company (see Note 9(c)).

On August 17, 2020, the Company granted stock options to purchase up to an aggregate of 200,000 common shares of the Company at a price of \$0.27 per share to a director of the Company (see Note 9(c)).

On September 8, 2020, the Company cancelled stock options to purchase up to an aggregate of 200,000 common shares of the Company at a price of \$0.15 per share, held by a former director of the Company (see Note 9(c)).

On December 8, 2020, options to purchase up to an aggregate of 200,000 common shares of the Company at a price of \$0.15 per share, held by a former director of the Company, expired unexercised (see Note 9(c)).

On December 23, 2020, the Company completed a non-brokered private placement offering through the issuance of 8,261,232 units at a price of \$0.17 per unit for aggregate gross proceeds of \$1,404,409. Directors and officers of the Company subscribed for 1,676,000 of the units for gross proceeds of \$284,920 (see Note 9(b)(xii)).

On December 31, 2020, the Company entered into a forfeiture and cancellation agreement with all of its optionees, to cancel all outstanding stock options to purchase up to 5,000,000 common shares of the Company. 1,000,000 of the cancelled options were held by directors and officers at an exercise price of \$0.15 per share, 400,000 held by directors at an exercise price of \$0.165 per share, 200,000 held by a director at an exercise price of \$0.27 per share and 200,000 held by a former officer who was also a director, at an exercise price of \$0.15 per share (see Note 9(c)).

For related party transactions subsequent to December 31, 2020, see Note 13.

As at December 31, 2020, \$26,313 (December 31, 2019 - \$156,972) included in accounts payable and accrued liabilities was owing to related parties. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Notes to the Financial Statements

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11. INCOME TAXES
a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2019 – 26.5%) were as follows:

	For the Years Ended December 31,	
	2020	2019
Loss before income taxes	\$ (206,547)	\$ (1,225,438)
Expected income tax recovery based on statutory rate	\$ (55,000)	\$ (325,000)
Adjustment to expected income tax benefit:		
Share-based compensation	114,000	83,000
Flow-through renunciation	(2,000)	(79,000)
Loss (gain) on sale of investments	16,000	(5,000)
Benefit of tax assets not recognized	(73,000)	326,000
Deferred income tax provision (recovery)	\$ -	\$ -

b) Deferred Income Tax

	December 31, 2020	December 31, 2019
Recognized deferred tax assets and liabilities		
Mineral properties	\$ -	\$ -
Other temporary differences	-	-
Deferred income tax assets	\$ -	\$ -

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2020	December 31, 2019
Non-capital loss carry-forwards	\$ 2,091,000	\$ 3,220,000
Capital loss carry-forwards	199,000	-
Mineral properties	384,000	758,000
Investments	333,000	304,000
Share issue costs	123,000	75,000
Other temporary differences	428,000	427,000
Total	\$ 3,558,000	\$ 4,784,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

c) Non-capital Losses Carried Forward

The Company has approximately \$2,091,000 (2019 - \$3,220,000) of non-capital losses as at December 31, 2020 available to be carried forward against future taxable income. These non-capital losses will expire as follows:



Notes to the Financial Statements

For the years ended December 31, 2020 and 2019
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11. INCOME TAXES (Continued)

<u>Year of Expiry</u>	<u>December 31, 2020</u>
2032	69,000
2033	187,000
2034	93,000
2035	95,000
2036	237,000
2037	558,000
2038	432,000
2039	420,000
	<u>\$ 2,091,000</u>

12. COMMITMENTS

As at December 31, 2020, the Company had a commitment to spend \$431,266 (December 31, 2019 - \$142,812) from amounts raised by flow-through financing on eligible Canadian exploration expenditures, by December 31, 2022.

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on eligible Canadian exploration expenditures. The Company has indemnified current and previous flow-through subscribers for any tax and other costs payable by them in the event the Company does not incur the required exploration expenditures. No amounts have been recorded in these financial statements for potential liabilities relating to these indemnities as a triggering event has not taken place. Upon issuance of the flow-through shares in December 2020 in the amount of \$431,266 (December 2019 - \$142,812), the Company recorded a flow-through share premium liability of \$224,650 (December 2019 - \$5,951). As expenditures are incurred, the liability will be drawn down as income through the statement of loss. Through December 31, 2020, the Company has not incurred any eligible exploration expenditures related to the 2020 flow-through issuance. As a result of proposed amendments to the Income Tax Act (Canada) due to COVID-19, the Company has until December 31, 2022 to spend the \$431,266 on qualifying exploration expenditures, instead of by December 31, 2021. During the year ended December 31, 2020, the Company recorded a flow-share premium recovery of \$5,951 in the statement of loss (December 31, 2019 - \$299,466).

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company and its operations have been largely unaffected by the impact of the COVID-19 global pandemic. The Company continues to follow all related government measures and mandates and recommendations from health officials. The Company continues to believe that it will remain largely unaffected, however the future impact on the Company, if any, is uncertain at this time.