SIERRA GROWTH CORP.

Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sierra Growth Corp.

Opinion

We have audited the consolidated financial statements of Sierra Growth Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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.

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, and 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.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 identified above 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 International Financial Reporting Standards, 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 to 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 the 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 judgment 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 risk 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 on the audit resulting in this independent auditor's report is David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 30, 2021

MOORE

An independent firm associated with Moore Global Network Limited

SIERRA GROWTH CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

December 31,	Notes	2020	2019
		$	$
ASSETS			
Current Assets			
Cash		223,337	347,768
Receivables		6,662	4,495
		229,999	352,263
Equipment		-	1,081
Deposits	4	12,700	-
Exploration and evaluation assets	4	-	1,722,878
TOTAL ASSETS		242,699	2,076,222
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	5,7	150,426	119,878
TOTAL LIABILITIES		150,426	119,878
SHAREHOLDERS' EQUITY			
Share capital	6	11,414,732	11,414,732
Reserves	6	4,371,153	4,327,153
Deficit		(15,693,612)	(13,785,541)
TOTAL EQUITY		92,273	1,956,344
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		242,699	2,076,222

Nature and continuance of operations	1
Subsequent events	4,10

On Behalf of the Board

"*Sonny Janda*" — Sonny Janda, Director

"*Shaun Dykes*" — Shaun Dykes, Director

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

SIERRA GROWTH CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

Years ended December 31,	Notes	2020	2019
		$	$
Operating expenses			
Amortization		1,081	1,081
Filing and transfer fees		30,207	20,191
Foreign exchange expenses (gain)		(4,307)	7,372
Management and consulting	7	230,722	293,700
Office, occupancy, and general		44,287	49,454
Professional fees		57,581	97,285
Share-based compensation	6,7	44,000	-
		403,571	469,083
Gain on disposition of exploration and evaluation assets	4	(219,390)	-
Impairment of exploration and evaluation assets	4	1,723,890	-
Net loss and comprehensive loss		1,908,071	469,083
Basic and diluted loss per share		(0.05)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		41,107,095	40,768,122

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

SIERRA GROWTH CORP.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars, except share number)

	Share Capital		Reserves			
	Number	Amount	Option	Warrant	Deficit	Total
		$	$	$	$	$
Balance at December 31, 2018	40,157,095	11,319,732	2,872,403	1,454,750	(13,316,458)	2,330,427
Shares issued for warrant exercise	950,000	95,000	-	-	-	95,000
Net loss for the year	-	-	-	-	(469,083)	(469,083)
Balance at December 31, 2019	41,107,095	11,414,732	2,872,403	1,454,750	(13,785,541)	1,956,344
Share-based compensation	-	-	44,000	-	-	44,000
Net loss for the year	-	-	-	-	(1,908,071)	(1,908,071)
Balance at December 31, 2020	41,107,095	11,414,732	2,916,403	1,454,750	(15,693,612)	92,273

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

SIERRA GROWTH CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

Years ended December 31,	2020	2019
	$	$
Operating activities		
Net loss for the year	(1,908,071)	(469,083)
Adjustments for non-cash items		
Amortization	1,081	1,081
Gain from disposition of exploration and evaluation assets	(219,390)	-
Impairment of exploration and evaluation assets	1,723,890	-
Changes in non-cash working capital items		
Receivables	(2,167)	252
Trade payables and accrued liabilities	30,548	(31,405)
Net cash flows used in operating activities	(330,109)	(499,155)
Investing activities		
Exploration and evaluation asset	(49,912)	(226,448)
Deposits	(12,700)	-
Proceeds on disposition of exploration and evaluation assets	268,290	-
Net cash flows from (used in) investing activities	205,678	(226,448)
Financing activities		
Proceeds from issuance of common shares	-	95,000
Decrease of advance payable	-	(100,000)
Net cash flows used in financing activities	-	(5,000)
Change in cash	(124,431)	(730,603)
Cash, beginning of year	347,768	1,078,371
Cash, end of year	223,337	347,768

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Sierra Growth Corp. (the "Company") was incorporated under the laws of the province of Ontario on November 17, 1994. On June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "GVG" as well as on the Berlin and Frankfurt stock exchanges in Germany under the symbol "F91Q", and a pink sheet listing ("OTCPP") in the United States under the symbol "SIERF".

The head office, principal address and records office of the Company are 9648-128th Street, Suite 210, Surrey, BC V3T 2X9.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations as at December 31, 2020. The Company had not advanced its mining properties to commercial production and has incurred operating losses since inception of its business. The Company's continuation as a going concern is dependent upon the successful results from its exploration, its ability to attain profitable operations and generate funds from equity, and debt financing to meet its obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with private placements and debt financing from related parties. Should the Company be unable to continue as going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

In March of 2020, the World Health Organization declared an outbreak of COVID-19 Global pandemic. The COVID-19 has impacted vast array of businesses through the restrictions put in place by most governments internationally, including the Canadian and United States federal government as well as provincial/state and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place world-wide to fight the virus. While the extent of the impact is unknown, the COVID-19 outbreak may hinder the Company's ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.

2. BASIS OF PRESENTATION

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 30, 2021.

Basis of Measurement
The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of Consolidation
The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage Owned	
	Country of Incorporation	December 31, 2020	December 31, 2019
Grenville Silveria Ltd.	Canada	100%	100%
Grenville Espanola Holdings Ltd.	Canada	100%	100%
Minera Grenville S.A.C.	Peru	100%	100%
Minera Espanola S.A.C.	Peru	100%	100%
Upper Canyon Minerals Peru S.A.C.	Peru	100%	100%

Inter-company balances and transactions are eliminated on consolidation.

Significant Estimates and Assumptions
The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are adjusted for prospectively in the period in which the estimates are raised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the classification/allocation of expenditures as exploration and evaluation expenditures of operation expenses, the valuation of exploration and evaluation assets and the recoverability and measurement of deferred tax assets.

2. BASIS OF PRESENTATION (Continued)

Significant Judgments

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments; and
- the determination of the functional currency of the Company and its subsidiaries.

Functional Currency

The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is Canadian dollar. These financial statements are presented in the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign Currency Translation

Foreign currency translations are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate of the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values are determined.

Exchange differences arising on the translation of the monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exploration and Evaluation Assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred. Exploration and evaluation expenditures including the costs of acquiring licenses and costs associated with exploration and evaluation activities are capitalized by property. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are reviewed for impairment if facts or circumstances indicate that impairment exists considering the following:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and Evaluation Assets (continued)

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceeds, the carrying amount of the exploration and evaluation asset is unlikely to recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and test that asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Impairment of Non-Financial Assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of an asset is the greater of its asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an individual asset that does not generate cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates and used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous years.

Assets that have an indefinite life are not subject to amortization and are tested annually for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restoration and Environmental Obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company currently has no measurable restoration and environmental obligations.

Share-Based Payments

The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the stock options granted and recognized over the vesting periods. Share-based payments to non-employees are measured at fair value of goods or services received or the fair value of the equity instruments issued, if it is determined using the Black-Scholes option pricing model, taking into account the terms and conditions upon which stock options are granted. At each reporting date, the amount recognized as expense is adjusted to reflect the actual number of stock options that are expected to vest.

Loss per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options and warrants outstanding that may add to the total number of common shares. As at December 31, 2017, the Company's diluted loss per share was the same as the basic loss per share as the Company did not have any outstanding options and warrants.

Financial Instruments

The Company has adopted IFRS 9 Financial instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (continued)

The following table shows the classification under IFRS 9:

Financial assets/liabilities	**Classification**
Cash	FVTPL
Trade payable	Amortized cost

Financial Assets
On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

<u>Impairment of Financial Assets</u>
IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (continued)

Financial Assets (Continued)

of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, due to shareholder, and convertible debentures are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from and paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

Deferred Tax

Deferred tax is recorded by providing for temporary differences at each reporting date between the tax bases of assets and liabilities and their carrying amounts. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

4. EXPLORATION AND EVALUATION ASSETS

	Espanola	Silveria	Total
	$	$	$
Balance, December 31, 2018	1,496,430	-	1,496,430
Maintenance of mineral properties	226,448	-	226,448
Balance, December 31, 2019	1,722,878	-	1,722,878
Maintenance of mineral properties	1,012	48,900	49,912
Disposition	-	(48,900)	(48,900)
Impairment charges	(1,723,890)	-	(1,723,890)
Balance, December 31, 2020	-	-	-

Espanola Property

The Company owns 100% of the Espanola property which consists of 17 claims in the San Mateo Mining District in the province of Canete, Peru. During the year ended December 31, 2020, the Company capitalized its annual maintenance fees of $1,012 (2019 - $226,448).

The Company was required to pay permit renewal fees for the Espanola Property during the year-ended December 31, 2020. Management has concluded they would like to focus in the acquisition and development of resources properties located in North America. As a result, the Company did not renew the permits of this property and recorded an impairment charge of $1,723,890.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Silveria Property

During the year ended December 31, 2020 the Company sold its Silveria mining concessions located in Peru, which was fully impaired in 2017, to CIEMSA, a private Peruvian company. The aggregate sale price of USD $1,000,000 is payable over a 3 year period commencing August 21, 2020 as follow:

- USD $200,000 (CDN $254,640) upon signing of agreement (received)
- USD $100,000 (CDN $127,320) after 12 months
- USD $450,000 (CDN $572,940) after 24 months
- USD $250,000 (CDN $318,300) after 36 months.

In addition to the cash payments, the Company retains a 1% Net Smelter Royalty (“NSR”) for 3 years commencing upon the date of mineral extraction/production.

Given the uncertainty of the collection of the proceeds of disposition, the Company will recognize the proceeds on the statement of loss and comprehensive loss as received.

During fiscal 2020, the Company received $268,290 (US$200,000), and incurred $48,900 in maintenance fees on the property resulting in a gain on disposition of $219,390.

Primus Property

Subsequent to the year ended December 31, 2020, the Company has entered into definitive agreements with Primus Resources (“Primus”), a Nevada-based privately held company, whereby Sierra has secured the rights to earn an 100% interest in 3 epithermal gold-silver projects (Giltra/Sat; B&C Springs/Mildred; Betty East) in the State of Nevada, U.S.A., one of which also has porphyry and/or skarn copper-silver-molybdenum potential (collectively the “Projects”).

Over a 6 year period from the closing date, the Giltra/Sat project requires USD $675,000 in cash payments (including USD $40,000 at closing), USD $800,000 in work commitments, and the issuance of 400,000 common shares of the Company.

Over a 6 year period from the closing date, the B&C Springs/Mildred project requires USD $500,000 in cash payments (including USD $15,000 at closing), USD $500,000 in work commitments, and the issuance of 400,000 common shares of the Company.

Over a 6 year period from the closing date, the Betty East project requires USD $500,000 in cash payments (including USD $20,000 at closing), USD $750,000 in work commitments, and the issuance of 400,000 common shares of the Company.

During the year-ended December 31, 2020, the Company paid $12,700 (USD$10,000) deposit for these acquisitions. Subsequent to December 31, 2020, the amounts due at the closing of the definitive agreements (USD$75,000) have been fully paid.

(Expressed in Canadian dollars)

5. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2020	December 31, 2019
	$	$
Accounts payable	80,813	85,378
Accrued liabilities	69,613	34,500
	150,426	119,878

6. SHARE CAPITAL

Authorized share capital: An unlimited number of common shares without par value
An unlimited number of preferred shares without par value

During the year ended December 31, 2019, 950,000 shares were issued pursuant to the exercise of 950,000 warrants for proceeds of $95,000.

Stock Options

The Company has established a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of options. The term of the stock options granted is fixed by the Board of Directors and is not to exceed five years. The exercise prices of the stock options granted may not be less than the minimum then specified by the rules of the CSE. Vesting periods are determined by the Board.

On July 20, 2020, the Company granted 1,000,000 stock options to directors, officers, and consultants. These options have an exercise price of $0.15 per share, were fully vested on issuance, and will expire on July 20, 2022.

The Company used Black Scholes option pricing model and used assumptions (Risk-free interest rate of 0.27% per annum, expected life of two years, dividend rate of $Nil, and annualized volatility of 160%) to determine the fair values of the stock options granted and vested in the year. As a result, the Company recorded a share-based compensation of $44,000 for the year ended December 31, 2020.
As at December 31, 2020, the Company had 1,000,000 options outstanding and exercisable (December 31, 2019 – Nil). These options have a weighted average exercise price of $0.15 per share and weighted average remaining life of 1.53 years.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

Stock Option Reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount is transferred to share capital.

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding at December 31, 2018	9,975,000	0.10
Exercised	(950,000)	0.10
Expired	(9,025,000)	0.10
Outstanding at December 31, 2020 and 2019	-	$ -

Warrant Reserve

The warrant reserve records the fair value of warrants issued until such time that they are exercised, at which time the corresponding amount is transferred to share capital.

7. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company' s Board of Directors and corporate officers.

During the year ended December 31, 2020, the Company was charged the following consulting fees by the Company's officers/ directors, and/or entities controlled by them:

	2020	2019
	$	$
Chief Executive Office	90,000	144,500
Chief Financial Officer	21,000	16,000
Directors	137,211	-
	248,211	160,500

As at December 31, 2020, $38,608 (2019 - $144,500) of amounts owing to related parties is included in the Company's trade payables and accrued liabilities.

During the year-ended December 31, 2020 directors and officers of the company received $41,800 (2019 - $nil) in share-based compensation.

8. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits and controlling and reporting structures.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

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. The Company's primary exposure to credit risk is its cash held in bank accounts. Cash is deposited in bank accounts held with major banks in Canada and Peru. As most of the Company's cash is held by two banks, there is a concentration of credit risk. However, this risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient holdings of cash and cash equivalents to meet its short-term exploration and evaluation requirements and anticipated operating cash flows.

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

Foreign Exchange Risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's Peruvian subsidiaries are exposed to currency risk as they incur expenditures that are denominated in US dollars and the Peruvian Soles, and their functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. A 10% fluctuation in the US dollar and Peruvian Sole would have an impact of $10,400 (2019 – not material) to the Company's net loss for the year.

Interest Rate Risk
Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

8. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest in are in the exploration stage; as such, the Company is dependent on external financing to fund activities. To carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

Financial Instruments

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

The Company's financial instruments consist of cash, amounts receivable, accounts payable, and advance payable. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The following summarizes fair value hierarchy under which the Company's financial instruments are valued:

Level 1 – fair values based on unadjusted quoted prices in active markets for identified assets of liabilities;
Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and
Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value using Level 1 input. The carrying balance of accounts payable and advance payable approximate its fair value due to their short-term nature.

(Expressed in Canadian dollars)

9. INCOME TAXES

A reconciliation of income taxes for the years ended December 31, 2019 and 2018 at statutory rates is as follows:

		December 31, 2020		December 31, 2019
Net loss for the year	$	(1,908,071)	$	(469,083)
Enacted statutory tax rate		27 %		27 %
Expected income tax recovery		(515,000)		(127,000)
Permanent differences and other		(69,000)		71,000
Effect of difference in statutory rate applicable to foreign subsidiaries		(38,000)		(1,000)
Effect of adjustment to prior year tax provision		3,000		(5,000)
Change in unrecognized deferred tax assets		619,000		62,000
	$	-	$	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

		December 31, 2020		December 31, 2019
Deferred Tax Assets				
Non-capital losses	$	2,704,000	$	2,608,000
Equipment		32,000		32,000
		2,736,000		2,640,000
Deferred Tax Liabilities				
Exploration and evaluation assets - Peru		-		(523,000)
				2,117,000
Unrecognized deferred tax assets		(2,736,000)		(2,117,000)
	$	-	**$**	-

As at December 31, 2020, the Company had non-capital losses of approximately $7,025,000 which expire from 2026 to 2040 available to carry forward to offset future taxable income. The Company had losses in Peru of approximately $2,730,000 to carry forward indefinitely but to offset only up 50% of its future taxable income for each subsequent year.

10. SUBSEQUENT EVENTS

In February 4, 2021, the Company completed a private placement and issued 12,519,000 units for gross proceeds of $751,140. Each unit consists of one common share and one warrant, exercisable at $0.08 for two years after closing, subject to an accelerated 30-day expiry date in the event the Company's shares trade at or above $0.25 for 10 consecutive days.

On April 13, 2021, the Company granted 1,570,000 stock options to directors, officers, employees and consultants. The options are exercisable at $0.25 per share and expire 2 years from the date of grant.