GOLDEN SUN MINING CORP.

Consolidated Financial Statements for the Years Ended April 30, 2021 and 2020

(Expressed in Canadian Dollars)

Baker Tilly WM LLP
900 – 400 Burrard Street
Vancouver, British Columbia
Canada V6C 3B7
T: +1 604.684.6212
F: +1 604.688.3497

vancouver@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Golden Sun Mining Corp.:

Opinion

We have audited the consolidated financial statements of Golden Sun Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2021 and 2020, and the consolidated statements of net and comprehensive loss, consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

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 audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
August 30, 2021

GOLDEN SUN MINING CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As At		**April 30, 2021**		**April 30, 2020**
Assets				
Cash	$	53,824	$	-
Amounts receivable		9,746		-
Total assets	**$**	**63,570**	**$**	**-**
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 6)	$	663,772	$	506,024
Loan payable (Note 4)		154,766		-
		818,538		506,024
Shareholders' Deficiency				
Share capital (Note 5)		6,619,503		6,619,503
Contributed surplus		145,414		-
Accumulated deficit		(7,519,885)		(7,125,527)
		(754,968)		(506,024)
Total Liabilities and Shareholders' Deficiency	**$**	**63,570**	**$**	**-**

Nature of operations and going concern (Note 1)

Commitment (Note 7)

Subsequent event (Note 10)

Approved by the Board of Directors on August 30, 2021:

"Eli Dusenbury"	*"Jason Latkowcer"*
Director	**Director**

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

GOLDEN SUN MINING CORP.
Consolidated Statements of Net and Comprehensive Loss
(Expressed in Canadian Dollars)

For the year ended		**April 30, 2021**		**April 30, 2020**
Expenses				
Advertising and promotion	$	20,000	$	-
Consulting		34,000		-
Filing fees		35,709		-
Office, administrative and travel expenses		1,491		-
Management fees (Note 6)		12,000		-
Professional fees		128,496		7,500
Rent		15,000		-
Share-based payments (Notes 5 and 6)		145,414		-
Total operating expenses		(392,110)		(7,500)
Interest expense		(2,248)		-
Net and comprehensive loss for the year	$	(394,358)	$	(7,500)
Basic and diluted loss per share	$	(0.36)	$	(0.01)
Weighted average number of shares outstanding		1,099,366		1,099,366

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

GOLDEN SUN MINING CORP.
Consolidated Statements of Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Number of Shares		Share Capital		Contributed Surplus		Deficit		Total Equity
Balance at April 30, 2019	**1,099,366**	**$**	**6,619,503**	**$**	**-**	**$**	**(7,118,027)**	**$**	**(498,524)**
Net loss for the year	-		-		-		(7,500)		(7,500)
Balance at April 30, 2020	**1,099,366**		**6,619,503**		**-**		**(7,125,527)**		**(506,024)**
Share-based payments	-		-		145,414		-		145,414
Net loss for the year	-		-		-		(394,358)		(394,358)
Balance at April 30, 2021	**1,099,366**	**$**	**6,619,503**	**$**	**145,414**		**(7,519,885)**	**$**	**(754,968)**

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

GOLDEN SUN MINING CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the year ended		**April 30, 2021**		**April 30, 2020**
Cash provided by (used for)				
Operating Activities				
Net loss for the year	$	(394,358)	$	(7,500)
Add back: non cash items:				
Accrued interest		2,248		-
Share-based payments		145,414		-
Change in non-cash working capital:				
Amounts receivable		(9,746)		
Accounts payable and accrued liabilities		157,748		7,500
Net cash used in operating activities		**(98,694)**		-
Financing activities				
Proceeds from loans payable		202,518		-
Repayment of loan		(50,000)		-
Net cash provided by financing activities		**152,518**		-
Net increase (decrease) in cash		**53,824**		-
Cash, beginning of year		**-**		-
Cash, end of year	$	**53,824**	$	-

During the years ended April 30, 2021 and 2020, no interest or income taxes were paid.

Accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Golden Sun Mining Corp. (the "Company"), is a public company incorporated under the laws of the Province of British Columbia on March 14, 2007. On September 04, 2013, the BC Securities Commission issued a cease trade order ("CTO") as a result of the Company's failure to file its technical disclosure as per the disclosure requirements of NI 43-101 or NI 51-101. Prior to the CTO the Company was listed on the TSX Venture Exchange ("TSX-V") under the trading symbol "GSU", on the Frankfurt Stock Exchange under the trading symbol "SS6", and on the OTC Pink under the symbol "GSUXF". The Company was in the business of exploration and evaluation of mineral properties.

During the year ended April 30, 2021, the Company completed a share consolidation on the basis of 50 old shares for one post-consolidation share. All share and per share numbers in these consolidated financial statements reflect this consolidation.

The Company's corporate office is located at 33 Heritage Park Road, Port Moody, British Columbia V3H 0H5.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company did not generate cash flow from operations to fund its exploration activities, and has therefore relied upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its future operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future.

During the first quarter of 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These events and conditions create a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments may be required to the carrying value of liabilities and the consolidated statement of financial position classifications used. These consolidated financial statements do not include any adjustments relating to the classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

a. Basis of preparation

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified at fair value through profit and loss, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b. Basis of consolidation

These consolidated financial statements are presented in the Canadian Dollar for the Company and its wholly-owned subsidiary, 1279612 B.C. Ltd. which is incorporated in British Columbia.

Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiary. All significant intercompany transactions and balances have been eliminated.

c. Foreign currencies

Presentation and functional currency and foreign currency translation

The presentation and functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency gains and losses are reported on a net basis included in profit or loss.

d. Significant accounting judgments and estimates

The timely preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. As at April 30, 2021 management has not identified any material estimates.

In the preparation of these consolidated financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The following critical judgments can have an effect on the amounts recognized in the consolidated financial statements:

i. Going Concern

These consolidated financial statements have been prepared using IFRS applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. The assessment of the Company's ability to fund future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments may be necessary to the carrying value of assets and liabilities, the reported revenue and expenses and the consolidated statement of financial position classifications used.

2. BASIS OF PREPARATION (CONTINUED)

d. Significant accounting judgments and estimates (continued)

ii. Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial assets and liabilities at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Financial assets and liabilities carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income or loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Financial instruments (continued)

(iv) Derecognition

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

Financial liabilities are removed from the balance sheet when the contract is extinguished, or, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss is recorded in profit or loss.

b. Impairment

At each consolidated financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash- generating unit) is increased to the revised estimate of its recoverable amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

c. Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Share-based compensation

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at grant date and the fair value of non-employee options is at the date or over the period such services are received. Each tranche of employee and non-employee options granted is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black- Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share-based payments granted to non-employees that are related to the issuance of shares are recorded as a reduction of share capital. All share-based payments are reflected in equity reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in the equity reserve is credited to share capital, adjusted for any consideration paid.

e. Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Loss per share

Basic loss per share is computed by dividing net loss the numerator by the weighted average number of outstanding common shares for the period denominator. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same.

g. Cash

Cash comprises cash on hand.

h. Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-Use Assets

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any leasehold inducements received including any leasehold inducements previously recognized as a liability under IAS 17 Leases.

The right-of-use assets are subsequently amortized from the commencement dates to the end of the lease terms, using the straight-line method.

Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following payments during the lease term: fixed payments (including in-substance fixed payments), and the exercise price under a purchase option that the Company is reasonably certain to exercise.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments and/or lease term arising mainly if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option, or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Lease (continued)

Rent expense recognized during the year consists of leases with a lease term of 12 months or less.

4. LOAN PAYABLE

On November 18, 2020, the Company entered into a loan agreement with an non arm's-length third party for $50,000, bearing interest at Prime plus 1% per annum due on November 18, 2021. On January 28, 2021, the Company entered into a further loan agreement with non-arm's length third party for $152,518 bearing interest at a rate of 4.00% per annum due on demand or before July 1, 2021.

On April 19, 2021, the Company repaid $50,000 under the 4.00% loan payable.

As at April 30, 2021, $154,766 is outstanding, including $152,518 in principal plus $2,248 in accrued interest payable (2020 - $nil and $nil, respectively).

5. SHARE CAPITAL

a) Common shares

Authorized

Unlimited number of common shares without par value.

Issued

As at April 30, 2021 and 2020, there were 1,099,366 common shares issued. During the years ended April 30, 2021 and 2020, the Company did not issue any shares. During the year ended April 30, 2021, the Company completed a 50:1 share consolidation. See Note 1.

b) Share purchase options outstanding

On June 4, 2020, the Company adopted an incentive stock option plan (the "Plan"), which provides that the board of directors of the Company may from time to time, on its discretion and in accordance with the Exchange requirements, grant to directors, officers, employees, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the common shares outstanding at closing. Such options will be exercisable for a period of up to five years from the date of grant or such greater or lesser duration as the board may determine at the date of grant. Options may be exercised no later than 12 months following cessation of the optionee's position with the Company, unless otherwise determined by the board, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the options may be exercised within a maximum period of 12 months after such death, subject to the expiry date of such options, unless otherwise determined by the board.

On April 22, 2021, the Company issued 300,000 options to directors with a fair value of $145,414, calculated using the Black-Scholes Option Pricing model. These options are exercisable into one common share of the Company at a price of $0.50 for a period of 5 years, expiring on April 22, 2026. A total of 219,873 options vested immediately at the date of grant. The remaining 80,127 options shall vest following the Company issuing (at least) an aggregate additional 400,634 common shares, so as to permit the issuance of additional securities under the Plan. As at April 30, 2021, there were 300,000 options outstanding, with 219,873 exercisable.

Inputs used to calculate the fair value of the options issued were a stock price of $0.81, expected life of 5 years, volatility of 100% and a discount rate of 0.93%.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (CONTINUED)

b) Share purchase options outstanding

The following table summarizes the continuity of stock options:

	Number of options		Weighted average exercise price
Outstanding, April 30, 2019	-	$	-
Granted	-	$	-
Outstanding, April 30, 2020	-	$	-
Granted	300,000	$	0.50
Outstanding, April 30, 2021	300,000	$	0.50

As at April 30, 2021, the following options were outstanding:

Grant date	Options outstanding	Options exercisable	Exercise price	Expiry date	Remaining contractual life (years)
April 22, 2021	300,000	219,873	$0.05	April 22, 2026	4.98
	300,000	219,873	$0.05		4.98

6. RELATED PARTY TRANSACTIONS AND DEBT SETTLEMENT

The Company has identified directors and senior officers as key management personnel. During the year ended April 30, 2021, the Company paid $12,000 to a director for services rendered (2020 - $nil). As at April 30, 2021, accounts payable and accrued liabilities includes $28,385 (2020 - $14,347) due to current and former directors and officers. The balances are unsecured, without interest, and due upon demand.

Total key management personnel compensation for the years ended April 30, 2021 and 2020 were as follows:

		2021		**2020**
Share-based compensation	$	145,414	$	-
Management fees		12,000		-
Total	$	157,414	$	-

Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

(Expressed in Canadian Dollars)

7. COMMITMENT

The Company has contract with a company controlled by the CEO and Director of the Company for monthly payments of $12,000 for a period of two years beginning in May 2021. The Consultant shall receive an aggregate of 1,000,000 restricted shares under the Company' s equity incentive plan, with vesting subject to certain performance milestones. The Company has not yet issued these restricted shares.

8. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows for the years ended April 30:

		2021		2020
Net loss for the year	$	394,358	$	7,500
Combined tax rate		**27%**		**27%**
Expected tax recovery		106,000		2,000
Share-based payments		(39,000)		-
Financing fees		1,000		
Changes in unrecognized deductible temporary differences		(68,000)		(2,000)
Total income tax expense	**$**	**-**	**$**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

		2021		2020
Canadian non-capital losses (expires between 2027-2039)	$	641,000	$	553,000
Share-issuance costs		12,000		12,000
Property plant and equipment		8,000		8,000
Exploration and evaluation assets		334,000		334,000
	$	995,000	$	907,000

As at April 30, 2021, the Company has approximately $2,372,000 in non-capital losses to carry forward to future years, expiring as follows:

Year of expiry	Amount	
2041	$	247,000
2040		8,000
2039		25,000
2033		568,000
2032		668,000
2031		438,000
2030		247,000
2029		85,000
2028		80,000
2027		6,000
	$	**2,372,000**

Tax attributes are subject to review, and potential adjustment, by tax authorities.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and loan payable, whose carrying values approximate their fair values, due to their short-terms to maturity. The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk on its $53,824 in cash (2020 - $nil) is low as the Company's cash is held with major Canadian financial institutions, or in trust with the Company's legal counsel.

b. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at April 30, 2021 the Company's working capital deficiency is $754,968 (2020 - $506,024), and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company intends to seek additional financing to better manage its liquidity risk to ensure it will have sufficient liquidity to meet its current and future liabilities. As at April 30, 2021, the Company has accounts payable and accrued liabilities of $663,772 and loan payable of $154,766 offset by current assets of $63,570.

c. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company believes it has limited exposure to these risks.

10. SUBSEQUENT EVENT

During June 2021, the Company raised subscription proceeds of $100,000 pursuant to a proposed equity financing at $0.05 per common share. The Company has not yet closed this financing.