

AURWEST RESOURCES CORPORATION

Interim Financial Statements

**For the three-month period ended March 31, 2021
and February 29, 2020**

**(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)**

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**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the three months ended March 31, 2021 and February 29, 2020 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

AURWEST RESOURCES CORPORATION
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at March 31, 2021 and February 29, 2020
(expresses in Canadian dollars)
(Unaudited – Prepared by Management)

	Notes	March 31, 2021	December 31, 2020
		\$	\$
ASSETS			
Current assets			
Cash		953,412	1,089,952
Goods and services tax receivable		12,096	15,989
		965,508	1,105,941
Exploration and evaluation assets	4,7	372,073	349,441
TOTAL ASSETS		1,337,581	1,455,382
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,837	46,284
Loan payable	5, 7	12,307	12,029
Due to related parties	7	193,366	199,171
		207,510	257,484
SHAREHOLDERS' EQUITY			
Share capital	6	5,137,206	5,056,632
Reserves	6	845,301	526,256
Deficit		(4,852,436)	(4,384,990)
		1,130,071	1,197,898
TOTAL LIABILITIES AND SHAREHOLDERS'		1,337,581	1,455,382

Nature of operations (Note 1)
Commitments (Notes 4 and 6)
Subsequent event (Note 11)

Approved on behalf of the Board of Directors

Signed "Colin Christensen"

Director

Signed "Cameron MacDonald"

Director

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

AURWEST RESOURCES CORPORATION
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three-month period ended March 31, 2021 and February 29, 2020
(expresses in Canadian dollars)
(Unaudited – Prepared by Management)

	Notes	March 31, 2021	February 29, 2020
		\$	\$
EXPENSES			
Consulting fees	7	49,140	-
Property investigation		28,700	-
Exploration and evaluation expenditures		-	500
Interest expense	5	278	1,986
Marketing & investor relations		10,328	41,847
Office and general		6,850	1,862
Professional fees		8,545	44,609
Regulatory and filing		10,525	18,946
Share-based compensation	6,7	353,080	-
		(467,446)	(109,750)
LOSS AND COMPREHENSIVE LOSS		(467,446)	(109,750)
Basic and diluted loss per common share		(\$0.01)	(\$0.01)
Weighted average number of shares outstanding – basic and diluted		59,893,590	12,903,681

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

AURWEST RESOURCES CORPORATION**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three-month period ended March 31, 2021 and February 29, 2020

(expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Share Capital		Reserves			\$ Total
	Number of Shares	\$ Amount	\$ Options	\$ Warrants	\$ Deficit	
Balance, May 31, 2020	29,865,087	3,752,071	333,540	120,534	(4,176,947)	29,198
Private placements	27,106,000	1,462,505	-	-	-	1,462,505
Finders' units issued	2,144,100	(107,205)	-	-	-	(107,205)
Share issuance costs – cash	-	(78,654)	-	-	-	(78,654)
Share-based compensation	-	-	72,182	-	-	72,182
Shares issued for services	37,944	3,415	-	-	-	3,415
Shares issued for exploration and evaluation assets	350,000	24,500	-	-	-	24,500
Loss for the period	-	-	-	-	(208,043)	(208,043)
Balance, December 31, 2020	59,503,131	5,056,632	405,722	120,534	(4,384,990)	1,197,898
Shares issued for services	62,395	5,288	-	-	-	5,288
Share-based compensation	-	-	353,080	-	-	353,080
Exercise of options	1,250,000	75,286	(34,035)	-	-	41,251
Loss for the period	-	-	-	-	(467,446)	(467,446)
Balance, March 31, 2021	60,815,526	5,137,206	724,767	120,534	(4,852,436)	1,130,071

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

AURWEST RESOURCES CORPORATION
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the three-month period ended March 31, 2021 and February 29, 2020
(expresses in Canadian dollars)
(Unaudited – Prepared by Management)

	Notes	March 31, 2021	February 29, 2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		(467,446)	(109,749)
Items not involving cash:			
Interest expense	5	278	1,986
Share-based compensation	6	353,080	-
Share-based payments	6	5,288	-
Changes in non-cash working capital items:			
Prepaid expenses		-	36,417
Goods and services tax receivable		3,893	(5,854)
Accounts payable and accrued liabilities		(44,447)	29,076
Due to related parties	7	(5,805)	40,866
Net cash used in operating activities		(155,159)	(7,258)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Exploration and evaluation expenditures	7	(22,632)	-
Net cash used in investing activities		(22,632)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds		-	2,500
Proceeds from exercise of options	6	41,251	-
Net cash provided by financing activities		41,251	2,500
Change in cash		(136,540)	(4,758)
Cash, beginning of the period		1,089,952	4,873
Cash, end of the period		953,412	115

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

AURWEST RESOURCES CORPORATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2021 and February 29, 2020

(expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. NATURE OF OPERATIONS

Aurwest Resources Corporation (the “Company” or “Aurwest”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on April 17, 2008 and has been a reporting issuer in British Columbia, Alberta and Ontario, and whose shares have traded on the Canadian Securities Exchange since November 10, 2010 under stock symbol SRS. The Company’s registered and records office and corporate office address is Suite 2003, 188 – 15 Ave SW, Calgary, Alberta Canada T2R 1S4. On January 7, 2020, the Company completed a share consolidation on the basis of 4 old shares for 1 new share. The share consolidation has been retroactively presented in these financial statements and all share amounts, including per share amounts, reflect the share consolidation. The Company also changed its name to Aurwest Resources Corporation and on January 8, 2020, commenced trading under the stock symbol “AWR”.

On January 14, 2021, the Company changed its year end from May 31 to December 31. These financial statements reflect the first quarter for the three months ended March 31, 2021 with the comparative balances being the three months ended February 29, 2020.

The Company is pursuing the acquisition, exploration and evaluation of mineral properties. At March 31, 2021, it had acquired two additional claims on the Stellar Project and entered into option agreements to earn a 100% interest in the Paradise Lake and Miguel Lake properties in Newfoundland (Note 11). The Company is in the process of exploring its mineral property interests and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral properties in accordance with industry practice, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim 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”) including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Since these condensed interim financial statements do not include all disclosures required by IFRS for annual financial statements, they should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2020.

These condensed interim financial statements were authorized for issue by the Board of Directors on May 18, 2021.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared, except for cash flow information, using the accrual basis of accounting. Unless otherwise noted, these financial statements are presented in Canadian dollars, the functional currency of the Company.

Going concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation in the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At March 31, 2021, the Company had not yet achieved profitable operations, had a working capital of \$757,998 (December 31, 2020 –\$848,457) and a deficit of \$4,852,436 (December 31, 2020 - \$4,384,990) since inception and expects to incur further losses in the development of its business. The current challenging economic climate brought about by factors including the

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Coronavirus (“COVID-19”) may lead to adverse financing conditions, working capital levels and/or debt balances, which may also have an effect on the Company’s operating results and financial position. These circumstances comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 outbreak has resulted in social and economic disruption and had a resultant impact on the mining and exploration industries and capital markets. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. However, the duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time and could have a material impact on the Company’s future financial position, results of operation and cash flows. The Company’s liquidity and ability to continue as a going concern may also be impacted.

Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. 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. Actual experience may differ from these estimates and assumptions.

The effect of a change in 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 accounting estimates and 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:

Judgements

Exploration and evaluation expenditures

The application of the Company’s accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral 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.

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

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Estimates

Share-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value of 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, volatility and dividend yield and making assumptions about them. The assumptions and models use for estimating fair value for share-based payment transactions are disclosed in Note 6.

3. SIGNIFICANT ACCOUNTING POLICIES

New accounting standards and interpretations issued but not yet adopted

IAS 16 – Property, plant and equipment – Proceeds before intended use (“IAS 16”) has been amended to clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant or equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. These amendments are effective for periods beginning on or after January 1, 2022. The Company is currently assessing the impact of this amendment.

IAS 37–Provisions (“IAS 37”), has been amended to clarify (i) the meaning of “costs to fulfil a contract”, and (ii) that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. These amendments are effective for periods beginning on or after January 1, 2022. The Company is currently assessing the impact of this amendment.

IAS 1 –Presentation of Financial Statements (“IAS 1”), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023. The Company is currently assessing the impact of this amendment.

4. EXPLORATION AND EVALUATION ASSETS

	Paradise Lake	Miguel Lake	Stellar	Total
	\$	\$	\$	\$
Balance, May 31, 2020	-	-	249,719	249,719
Acquisition costs - cash	50,000	5,000	7,000	62,000
Acquisition costs - shares	21,000	3,500	6,478	30,978
Consulting	6,744	-	-	6,744
Expenditures during the year	77,744	8,500	13,478	99,722
Balance, December 31, 2020	77,744	8,500	263,197	349,441

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For the three-month period ended March 31, 2021 and February 29, 2020

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	Paradise Lake	Miguel Lake	Stellar	Total
	\$	\$	\$	\$
Balance, December 31, 2020	77,744	8,500	263,197	349,441
Acquisition costs - cash	1,163	-	2,000	3,163
Field costs	1,901	-	31	1,932
Geology	7,362	7,175	1,789	16,326
Reports	-	-	1,211	1,211
Expenditures during the year	10,426	7,175	5,031	22,632
Balance, March 31, 2021	88,170	15,675	268,228	372,073

Paradise Lake Project, Newfoundland

On November 6, 2020, the Company entered into an option agreement with Tenacity Gold Mining Company Ltd., to acquire a 100% interest in 824 claims on the Paradise Lake property located in Newfoundland, Canada.

To earn the 100% interest in the property, the Company is required to make cash payments of \$400,000 and issue 5,000,000 units over the course of four years. Each unit will consist of one common share and one-half share purchase warrant. Each whole warrant is exercisable for a period of three years at a price equal to a 10% premium to the closing price of the common shares on the Canadian Stock Exchange (“CSE”) on the day prior to the date of issuance. The consideration will be paid as follows:

- \$50,000 cash and 300,000 units on November 20, 2020 (paid and issued (Note 6));
- \$50,000 cash and 500,000 units on or before November 20, 2021;
- \$75,000 cash and 700,000 units on or before November 20, 2022;
- \$100,000 cash and 1,500,000 units on or before November 20, 2023; and
- \$125,000 cash and 2,000,000 units on or before November 20, 2024

In addition, the Company is required to incur \$4,000,000 in exploration expenditures on the property over the next four years as follows:

- \$400,000 on or before November 20, 2021;
- \$750,000 on or before November 20, 2022;
- \$1,275,000 on or before November 20, 2023; and
- \$1,575,000 on or before November 20, 2024.

Tenacity Gold Mining Company will retain a 3% net smelter returns royalty (“NSR”) on the property.

Miguel Lake, Newfoundland

On November 6, 2020, the Company entered into an option agreement with Tenacity Gold Mining Company Ltd. and Alexander Duffitt, to acquire a 100% interest in 120 claims on the Miguel Lake property located in Newfoundland, Canada.

To earn the 100% interest in the property, the Company is required to make cash payments of \$50,000 and issue 750,000 units over the course of four years. Each unit will consist of one common share and one-half share purchase warrant. Each whole warrant is exercisable for a period of three years at a price equal to a 10% premium to the

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closing price of the common shares on the CSE on the day prior to the date of issuance. The consideration will be paid as follows:

- \$5,000 cash and 50,000 units on November 20, 2020 (paid and issued (Note 6));
- \$5,000 cash and 100,000 units on or before November 20, 2021;
- \$8,000 cash and 150,000 units on or before November 20, 2022;
- \$12,000 cash and 200,000 units on or before November 20, 2023; and
- \$20,000 cash and 250,000 units on or before November 20, 2024

In addition, the Company is required to incur \$580,000 in exploration expenditures on the property over the next four years as follows:

- \$100,000 on or before November 20, 2021;
- \$120,000 on or before November 20, 2022;
- \$180,000 on or before November 20, 2023; and
- \$180,000 on or before November 20, 2024.

Tenacity Gold Mining Company will retain a 1% NSR and Alexander Duffitt a 2% NSR on the property.

Stellar Project, British Columbia

On February 9, 2018, the Company entered into an option agreement to acquire a 100% interest in 4 mineral claims located on the Stellar Project in north central British Columbia. During the year end May 31, 2018, the Company acquired the 100% interest in the property for total consideration of 500,000 common shares and \$20,000 in cash payments. The vendor retains a 2% NSR, and the Company has the option to buy out one-half of the NSR for \$1,000,000.

On June 18, 2018, the Company entered into an option to purchase agreement with an arm's-length private vendor to acquire a 100% interest in the previously known as the Buckley Project mineral claims, in British Columbia. The Buckley Project consists of 24 mineral claims and is contiguous with the Stellar claims. The Company paid consideration of \$20,000 and issued 375,000 common shares. The vendor will retain a 2% NSR on the property, with the Company having the right to purchase 1% of the NSR for \$1,000,000. The Company determined that because of the continuity of mineral tenures of the Stellar and Buckley project claims, they would be combined into one project called the Stellar Project.

In August 2020, the Company purchased 2 additional mineral claims on the Stellar property for cash proceeds of \$7,000.

5. LOAN PAYABLE

The Company has a loan payable to a former director's spouse of the Company in the amount of \$9,400 (December 31, 2020 - \$9,400), with interest accruing at 12% per annum from September 27, 2018 and no specific terms of repayment. During the three months ended March 31, 2020, \$278 (February 29, 2020 - \$281) of interest was accrued on the loan. Total accrued interest as at March 31, 2021 was \$2,907 (December 31, 2020 - \$2,629) (Note 7 and 11).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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6. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of commons shares without par value. As at March 31, 2021, 60,815,526 (December 31, 2020 - 59,503,131) common shares were issued and outstanding.

There were no shares held in escrow at March 31, 2021 and December 31, 2020.

Issued

For the period ended March 31, 2021

On January 6 and February 12, 2021, the Company issued 62,395 shares for services pursuant to a General Services Agreement of November 1, 2020 (see below for details) for services provided at a fair value of \$5,288.

During the three months ended March 31, 2021, the Company issued a total of 1,250,000 pursuant to the exercise of options.

For the period ended December 31, 2020

On November 27, 2020, the Company issued 350,000 common shares with a fair value of \$24,500 for exploration and evaluation assets. The shares were issued in connection with the Paradise Lake and Miguel Lake option agreements (Note 4).

On November 1, 2020, the Company entered into an investor relations agreement with BAM Private Capital Inc. (“BAM”) whereby BAM will provide corporate communication and strategic services on a month to month basis. Under the agreement, the Company will pay half of the compensation in cash and half through the issuance of common shares. On November 15, 2020, the Company issued 37,944 common shares with a fair value of \$3,415 for services performed under the agreement. Subsequent to year end, the agreement with BAM was terminated.

On September 15, 2020 and on October 1, 2020, the Company completed two tranches of a private placement comprised of 27,106,000 units at \$0.05 per unit for total gross proceeds of \$1,355,300. In connection with the private placements, the Company issued 2,144,100 broker units with a fair value of \$107,205 and paid finders’ fees of \$53,654 and legal fees \$25,000 pertaining to the private placement. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of \$0.10 for the first 18 months and \$0.15 if exercised any time after 18 months from the initial date of grant but no later than 36 months from the date of grant. The Company has the right to force conversion of the warrants, if at any time from and after the date of issuance, the daily volume-weighted average closing price of the Company’s Common Shares on the CSE, equals or exceeds \$0.20 for ten consecutive trading days.

As of May 31, 2020, the Company issued 3,623,156 common shares with a fair value of \$126,811 and paid \$51,335 in cash to settle outstanding payables of \$181,198, accrued liabilities of \$61,989 and loans of \$22,920 resulting in an overall gain on settlement of accounts payable of \$100,042, and a loss on settlement of debt of (\$12,081).

On May 25, 2020, the Company completed a private placement comprised of 13,338,250 common shares at \$0.02 per share for total gross proceeds of \$266,765. The Company paid share issuance costs of \$6,480 in connection with the financing.

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Commitments

Stock Options

Stock Option Plan

The Company has a stock option plan in place. Under the stock option plan the Company can issue up to 10% of the issued and outstanding shares as incentive stock options to directors, officers, insiders, employees and other service providers to the Company. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued shares of the Company in any 12-month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. The options granted under the stock option plan can vest immediately or subject to the vesting schedule wherein 25% of the options will vest on the day which is 3 months from the day of grant and 25% of the options will vest every 3 months thereafter for a period of 12 months after the day of grant.

During the three-month period ended March 31, 2021, the Company granted 2,800,000 (February 29, 2020 – Nil) stock options to members of management, directors, and a consultant. The options were fully vested on the grant date. Share-based compensation of \$353,080 (February 29, 2020- \$Nil) was recognized in the statement of loss and comprehensive loss.

All stock options are recorded at fair value using the Black-Scholes option pricing model. The following weighted average assumptions were used for the valuation of share-based compensation:

	March 31, 2021	December 31, 2020
Risk free rate	0.23%	0.28%
Expected life - years	2.0	2.0
Estimated forfeiture rate	0%	0%
Dividend yield	0%	0%
Volatility	232.73%	190.97%
Weighted average fair value per option	\$0.13	\$0.03

Summary of stock option activity:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, May 31, 2020	75,000	0.24
Granted	2,700,000	0.03
Balance, December 31, 2020	2,775,000	0.04
Exercised	(1,250,000)	0.11
Granted	2,800,000	0.03
Balance, March 31, 2021	4,325,000	\$0.11

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As at March 31, 2021, the following stock options were outstanding and exercisable:

Grant Date	Number of Options	Exercise Price	Weighted-Average Remaining Contractual Life of Outstanding Options
February 15, 2018	75,000	\$0.24	1.88
June 10, 2022	1,200,000	\$0.025	1.17
November 10, 2022	250,000	\$0.065	1.61
March 25, 2021	2,800,000	\$0.14	1.98
	4,325,000	\$0.11	1.74

Agent's Warrants

During the three months ended March 31, 2020, 10,625 agents' warrants expired unexercised. The following is a summary of agent's warrant activity at March 31, 2021:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, May 31, 2020	34,000	0.20
Issued	2,144,100	0.10
Expired	(23,375)	0.20
Balance, December 31, 2020	2,154,725	0.10
Expired	(10,625)	0.20
Balance, March 31, 2021	2,144,100	\$0.10

Summary of agent's warrants outstanding at March 31, 2021:

Date Issued	Number of Agent Warrants	Exercise Price	Weighted-Average Remaining Contractual Life of Outstanding Agent Warrants (Years)
September 15, 2020	1,493,100	\$0.10	2.46
October 1, 2020	651,000	\$0.10	2.50
	2,144,100	\$0.10	2.47

Each agent warrant is exercisable into one common share at a price of \$0.10 for the first 18 months and \$0.15 if exercised any time after 18 months from the initial date of grant but no later than 36 months from the date of grant.

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Share Purchase Warrants

During the three months ended March 31, 2021, 155,407 share purchase warrants expired unexercised. The following is a summary of share purchase warrant activity at March 31, 2021:

	Number of Share Purchase Warrants	Weighted Average Exercise Price (\$)
Balance, May 31, 2020	1,705,639	0.18
Expired	(362,732)	0.25
Issued	29,425,100	0.10
Balance, December 31, 2020	30,768,007	0.10
Expired	(155,407)	0.20
Balance, March 31, 2021	30,612,600	\$0.10

The following is a summary of share purchase warrants outstanding at March 31, 2021:

Date Issued	Number of Share Purchase Warrants	Exercise Price	Weighted-Average Remaining Contractual Life of Outstanding Options
July 29, 2019	1,187,500	\$0.24	0.33
September 15, 2020	21,889,100	\$0.10*	2.46
October 1, 2020	7,361,000	\$0.10*	2.50
November 27, 2023	175,000	\$0.08	2.64
	30,612,600	\$0.10	2.39

*Each share purchase warrant is exercisable into one common share at a price of \$0.10 for the first 18 months and \$0.15 if exercised any time after 18 months from the initial date of grant but no later than 36 months from the date of grant.

7. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members. The aggregate values of transactions relating to key management personnel were as follows:

Three months ending:	March 31, 2021	February 29, 2020
	\$	\$
Consulting fees paid or accrued to officers and directors or companies controlled by directors and officers	33,575	20,405
Consulting fees paid or accrued to a company controlled by former officer and director	11,140	13,500
Exploration expenses paid or accrued to a director	3,038	-
Stock-based compensation –directors and officers	296,335	-
Total fees and other short-term benefits	344,088	33,905

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As at March 31, 2021, due to related parties consisted of \$193,366 (February 29, 2020 - \$249,602) owing to key management personnel, former directors, or to a company controlled by a former director or by key management personnel. The amounts are non-interest bearing, unsecured, and have no specific terms of repayment.

The Company has a loan payable to a former director's spouse of the Company in the amount of \$9,400 (December 31, 2020 - \$9,400). Total accrued interest as at March 31, 2021 was \$2,907 (December 31, 2020 - \$2,629). This loan was settled subsequent to the period (Note 5 and 11).

As of March 31, 2021, there were no management contracts, officer or employee related commitments other than amounts owed for consulting services in accounts payable and accrued liabilities.

8. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there is no unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of cash is measured using level 1 fair value inputs. Accounts payable and accrued liabilities, loans payable and due to related parties approximate their carrying values due to the short-term nature of these instruments.

Risk Management

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

General Objectives, Policies

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the

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effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such as a loss is limited because the loans payable bear interest at fixed rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

9. CAPITAL MANAGEMENT

The Company's primary source of funds comes from the issuance of share capital. The Company defines its capital as all components of shareholders' equity (deficiency). Capital requirements are driven by the Company's planned exploration and evaluation activities and general and administrative expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that it will continue to be able to do so in the future. There were no changes in the Company's approach to capital management during the period ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

10. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.

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11. SUBSEQUENT EVENTS

- a. On April 19, 2021, the Company acquired five gold exploration licenses totaling 24,200 hectares (242 square km) referred to as the Stony Caldera property under an Option Agreement to earn a 100% interest in the project. The Stony Caldera is contiguous with the Company's existing Paradise Lake gold project.
- b. On April 24, 2021, the Company issued 500,000 units for the purchase option of the Stony Caldera property. Each unit consist of one common share and one-half common share purchase warrants. Each whole warrant is exercisable into one common share at \$0.1965 per share on or before April 24, 2024.
- c. On April 27, 2021, the Company issued 16,000 shares fair valued at \$2,000 for consulting services.
- d. On May 12, 2021, 75,000 agent warrants and 100,000 share purchase warrants with exercise price of \$0.10 were exercised.
- e. On May 13, 2021, the Company settled a loan payable in full due to the spouse of a former director (Note 5 and 7) for \$13,091.