PROVENANCE GOLD CORP.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

(Unaudited – Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited consolidated interim financial statements of Provenance Gold Corp. (the "Company") have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

PROVENANCE GOLD CORP.
Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

		March 31 2021		December 31 2020
ASSETS				
Current assets				
Cash	$	479,968	$	34,306
GST receivable		1,571		1,729
Prepaid expenses (note 3)		25,364		-
		506,903		36,035
Reclamation bond		10,856		-
Exploration and evaluation assets (note 4)		646,412		380,025
	$	1,164,171	$	416,060
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 9)	$	263,589	$	324,496
Due to related party (note 9)		-		20,000
Loan payable (note 5)		47,500		47,500
		311,089		391,996
SHAREHOLDERS' EQUITY				
Share capital (note 6)		3,881,241		2,956,696
Share subscriptions advanced		35,000		-
Reserves (note 6)		61,390		61,390
Deficit		(3,124,549)		(2,994,022)
		853,082		24,064
	$	1,164,171	$	416,060

Nature and continuance of operations (note 1)
Subsequent events (note 14)

Approved on behalf of the Board:

Director *"Rauno Perttu"*
Rauno Perttu

Director *"Robert Clark"*
Robert Clark

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

PROVENANCE GOLD CORP.
Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31	
	2021	**2020**
EXPENSES		
Consulting and management fees (note 9)	$ 40,994	$ -
Corporate communications	45,899	22,500
General and administrative	1,015	4,191
Professional fees	20,943	5,099
Regulatory and transfer agent fees	21,676	1,924
Travel	-	2,500
Net and comprehensive loss	(130,527)	(36,214)
Basic and diluted loss per share (note 10)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding	48,563,742	37,648,582

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

PROVENANCE GOLD CORP.

Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Advanced	Reserves	Deficit	Total Shareholders' Equity
Balance at December 31, 2019	37,099,131	$ 2,324,286	$ 150,000	$ 53,890	$ (2,551,732)	$ (23,556)
Shares issued in private placement (note 6)	1,000,000	150,000	(150,000)	-	-	-
Net and comprehensive loss	-	-	-	-	(36,214)	(36,214)
Balance at March 31, 2020	38,099,131	2,474,286	-	53,890	(2,587,946)	(59,770)
Balance at December 31, 2020	43,542,575	2,956,696	-	61,390	(2,994,022)	24,064
Shares issued in private placement (note 6)	9,615,000	961,500	-	-	-	961,500
Share issuance costs	-	(36,955)	-	-	-	(36,955)
Share subscriptions advanced (note 6)	-	-	35,000	-	-	35,000
Net and comprehensive loss	-	-	-	-	(130,527)	(130,527)
Balance at March 31, 2021	53,157,575	$ 3,881,241	$ 35,000	$ 61,390	$ (3,124,549)	$ 853,082

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

PROVENANCE GOLD CORP.
Consolidated Interim Statements of Cash Flow
(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31 2021	Three months ended March 31 2020
Cash provided by (used for):		
Operating activities		
Net loss	$ (130,527)	$ (36,214)
Change in non-cash working capital:		
GST receivable	158	(203)
Prepaid expenses	(25,364)	22,500
Accounts payable and accrued liabilities	(60,907)	12,282
Due to related party	(20,000)	(7,000)
Cash provided by (used in) operating activities	(236,640)	(8,635)
Investing activities		
Reclamation bond	(10,856)	-
Exploration and evaluation assets acquired	(266,387)	(14,080)
Cash (used in) investing activities	(277,243)	(14,080)
Financing activities		
Proceeds from issuance of shares, net of issue costs	924,545	-
Share subscriptions advanced	35,000	-
Cash provided by financing activities	959,545	-
Change in cash during the period	445,662	(22,715)
Cash, beginning of the period	34,306	22,715
Cash, end of the period	$ 479,968	$ -

Supplementary cash flow information (note 11)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Provenance Gold Corp. (formerly Sparx Energy Corp.) ("Provenance" or the "Company") was incorporated in the Province of British Columbia on October 5, 2012. For the period October 5, 2012 to May 31, 2013, the Company was a wholly-owned subsidiary of Aldever Resources Inc. (now Kiplin Metals Inc. and formerly Glenmark Capital Corp.) ("Aldever"), which is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests.

During October, 2012, Aldever's board of directors approved a plan of arrangement (the "Arrangement") between Aldever and its four wholly-owned subsidiaries, including Provenance. As a result of the completion of the Arrangement on May 31, 2013, Aldever ceased to be a shareholder of Provenance and the Company became a reporting issuer in its own right. Provenance is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests.

On January 16, 2017, the Company changed its name to Provenance Gold Corp.

The Company's principal office and registered and records office is located at 2200-885 West Georgia Street, Vancouver, BC V6C 3E8.

These consolidated interim financial statements have been prepared on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Company has no source of operating revenue, has incurred operating losses and at March 31, 2021 had a deficit of $3,124,549. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Further discussion of liquidity risk is included in notes 7 and 8.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments in the United States and Canada.

These consolidated interim financial statements were authorized for issue on May 27, 2021 by the directors of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of consolidated interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

These financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

Basis of consolidation

These consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries 1084160 B.C. Ltd., formerly Provenance Gold Corp. ("PGC"), and Provenance Gold USA ("PG USA"). PGC is incorporated in the Province of British Columbia and PG USA is incorporated in the State of Nevada, U.S.A.

All intercompany balances and transactions have been eliminated on consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The preparation of 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 applying to the Company's 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; and
- The assessment of indications of impairment of each mineral property and related determinations of the net realizable value and write-down of those properties where applicable.

Recent accounting pronouncements

New accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

3. PREPAID EXPENSES

On March 26, 2021, the Company advanced USD 20,000 to a contractor for exploration work to be carried out on the White Rock Property, Nevada. This work had not commenced as of March 31, 2021.

4. EXPLORATION AND EVALUATION ASSETS

2K Gold Property, Yukon, Canada

On June 10, 2016, the Company's CEO entered into the Moosehorn Range Property Option Agreement (the "MRPOA") pursuant to which he was granted the option to purchase a 100% interest in 149 quartz claims located in the Moosehorn Range in Yukon, Canada and the exclusive right to conduct mineral exploration and feasibility study work on the property during the period of the option. On August 4, 2016, the Company and the Company's CEO entered into an assignment agreement whereby the MRPOA was assigned to the Company. On January 31, 2017, the optionor, the Company and the Company's CEO replaced MRPOA in its entirety with MRPOA 2. On September 20, 2019, MRPOA 2 was amended to include an additional 47 quartz claims and, among other items, to defer the scheduled payment of $130,000 due on June 10, 2019 to March 31, 2020. Based on the remaining cash payments to be made and exploration expenditures to be incurred in order to exercise the option, in combination with a corresponding lack of investor interest in the Property, the Company wrote off exploration and evaluation assets of $1,256,369 ($230,000 in cash paid and $1,026,369 in exploration expenditures incurred) as at December 31, 2019.

On May 8, 2020, the Company received written notice of termination from the optionor because the March 31, 2020 payment was not made. Consequently, the Corporation has no further interest in this property. Pursuant to MRPOA 2, the Company is required to ensure that the property is in good standing in respect of assessment work for a period of at least two years from the date of termination.

Silver Bow Property, Nevada U.S.A.

On August 29, 2018, the Company entered into the Silver Bow Nevada Property Option Agreement (the "SB Agreement") to acquire a 100% interest in 73 mineral claims referred to as the Silver Bow property and 10 claims referred to as Golden Ridge Property located in Nevada, USA. Pursuant to a trust agreement entered into between the Company and the CEO of the company on September 20, 2018, the CEO is holding the 10 Golden Ridge Property claims in trust for the Company until such time as the Company wishes to have them transferred to its name. The 10 claims were allowed to lapse during 2019.

Payments totaling US $1,500,000 over a seven-year period are required to be made and exploration expenditures are required to be incurred as follows (all amounts are in US dollars):

4. EXPLORATION AND EVALUATION ASSETS *(continued)*

Silver Bow Property, Nevada U.S.A., *continued*

Payments

- $2,300 for claim and re-staking fees within 60 days of the signing of the agreement *(paid);*
- $10,000 by July 18, 2019 *(paid);*
- $20,000 by July 18, 2020 *(paid*);
- $40,000 by July 18, 2021;
- $50,000 by July 18, 2022;
- $50,000 by July 18, 2023;
- $100,000 by July 18, 2024;
- Balance of $1,500,000 less all option payments received prior to July 18, 2025.

These payments will be credited towards the exploration expenditure requirements.

Exploration Expenditures

- $50,000 by July 18, 2020 *(spent*);
- $75,000 between July 18, 2020 and July 18, 2021 (*spent*);
- $100,000 between July 18, 2021 and July 18, 2022;
- $100,000 between July 18, 2022 and July 18, 2023;
- $150,000 between July 18, 2023 and July 18, 2024.

Year 7 and beyond - $250,000 minimum holding cost to be paid by the seventh anniversary of signing (June 18, 2025) and each subsequent anniversary thereafter until the cumulative $1,500,000.00 is complete to purchase the option outright.

Pursuant to the SB Agreement, the Company will also pay a 2% net smelter royalty ("NSR") in every year that lode gold or silver is recovered from the property. This NSR can be bought out at any time by paying $1,000,000.

The SB Agreement will terminate if either party is in default and within 45 days of receiving written notice of the default, it is not remedied. After termination of the SB Agreement, the Company is required to ensure that the Property is in good standing for a period of at least one year from the date of termination.

On April 24, 2019, the Company entered into a trust agreement (the "Trust Agreement") with the CEO of the Company in respect of an additional 29 lode mining claims on the Silver Bow property adjoining the above-noted mineral claims. The CEO is the beneficial owner of an interest in these claims, which are registered in his name. Pursuant to the Trust Agreement, the CEO with (a) hold the claims in trust for and on behalf of the Company; (b) the claims will be held on behalf of the Company until such time as the Company wishes to have the titles transferred to its name, a subsidiary's name or to any other person or corporation as directed by the Company; and (c) the Trust Agreement terminates upon the expiration, surrender or termination of the claims for any reason.

4. EXPLORATION AND EVALUATION ASSETS *(continued)*

Silver Bow Property, Nevada U.S.A. *continued*

On June 11, 2020, the Company, through its subsidiary PG USA entered into a Mining Lease and Assignment (the "Lease") with a trust (the "Lessor") and two estates in Nevada, USA. The effective date of the Lease is August 20, 2019. Pursuant to the Lease, the Lessor grants, lets and leases to PG USA all of its rights, title and interests in and to the Blue Horse patented mining claim, including the Lessor's interest in all minerals, situated in Nye County, Nevada (the "Property"). The Property is located in the Silver Bow mining district.

The Lease is for an initial term of three years and shall continue for so long thereafter as mineral exploration, mine development, mining or mineral processing operations are conducted by PG USA or its successor on any portion of the Property or its overall Silver Bow property position. At any time after the third anniversary PG USA may, by providing written notice to the Lessor, extend the primary term for an additional five years, for a total of eight years and so long thereafter as mineral exploration, mine development, mining or mineral processing operations are conducted on any portion of the Property.

Lease payments totaling US$50,000 over a three-year period are required to be made as follows (all amounts are in US dollars):

- $10,000 on signing *(paid*);
- $10,000 by August 20, 2020 *(paid*);
- $15,000 by August 20, 2021; and
- $15,000 by August 20, 2022.

No other lease payments are required thereafter until royalty or royalty purchase is made.

The Lessor will pay all property taxes annually. PG USA is responsible for making all payments and filings required to maintain the property in good standing before July 1 of each year, including but not limited to, property taxes, federal maintenance fees and any federal or state filings.

PG USA will pay the Lessor a production royalty of 1% of net smelter returns ("NSR") on all minerals produced and sold by PG USA from within the vertical boundaries of the Property. The NSR payments are capped at $250,000 and no other payments are due once this requirement is met.

PG USA may terminate the Lease at any time with respect to all or any part of the Property by giving 60 days written notice to the Lessor. In the event of a material default by PG USA, PG USA will have at least 60 days to cure the default and, if not cured, the Lessor may terminate the Lease by giving written notice to PG USA. Upon termination of the Lease by PG USA, all payments made to the Lessor are retained by the Lessor and all liabilities and obligations of PG USA not due or accrued prior to termination will cease and terminate. Upon expiration or termination of the Lease, PG USA will have no further liability or obligation as to the portion of the Property that is no longer subject to the Lease.

After expiration or termination of the Lease, PG USA is required to promptly reclaim all surface disturbance on the terminated portion of the Property caused by, or on behalf of, PG USA in accordance with applicable legal requirements.

4. EXPLORATION AND EVALUATION ASSETS *(continued)*

Silver Bow Property, Nevada U.S.A., *continued*

On January 13, 2021, the Company entered into a joint venture agreement (the "JVA") with an arm's length company to drill and explore its Silver Bow property. On March 22, 2021, the JVA was terminated for reasons unrelated to exploration.

White Rock Property, Nevada U.S.A.

On June 12, 2020, the Company, through its subsidiary PG USA, entered into the Provenance Gold USA Option Agreement (the "Option Agreement") with a wholly-owned Nevada subsidiary ("NSRI") of Ely Gold Royalties Inc. Pursuant to the Option Agreement, NSRI gives and grants to PG USA the sole and exclusive right and option to purchase 100% of NSRI's right, title and interest in and to 30 unpatented mining claims and certain existing data (as defined) (collectively, the "White Rock Property") and any related, additional data, information and records acquired by NSRI during the option period.

The Option will remain in force during the term of the Option Agreement from the effective date to and including the first to occur of (a) the option closing; (b) the termination of the Option Agreement; or (c) four years from the initial closing date.

The total purchase price for the White Rock Property is US$250,000 to be paid as option payments as follows (all amounts are in US dollars):

- $10,000 on signing (*paid)*;
- $25,000 by June 12, 2021;
- $40,000 by June 12, 2022;
- $50,000 by June 12, 2023; and
- $125,000 by June 12, 2024.

PG USA has the right to exercise the option prior to the termination of Option Agreement by giving NSRI written notice of such exercise or by payment of all payments not yet paid as of the exercise date.

Subject to the termination of the Option Agreement, until all option payments are made and the option is exercised and closed, PG USA is responsible for paying all mining claim maintenance and rental fees required to be paid to keep the claims in good standing.

PG USA will pay NSRI a production royalty of 2% of NSR on all mineral production from the unpatented mining claims.

During the option period and following the option exercise if the option closing occurs and unless otherwise agreed by the parties, if either party or its affiliates acquires, directly or indirectly, any additional mining claims located wholly or partly within a distance of two miles from the outermost perimeter of the White Rock Property, the additional claims will be included in and form part of the White Rock Property and be subject to the Option Agreement.

(Unaudited - Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS *(continued)*

White Rock Property, Nevada U.S.A., *continued*

PG USA may terminate the Option Agreement without further liability at any time by giving written notice of termination to NSRI. In the event of a material default by PG USA, PG USA will have at least 30 days to cure the default and, if not cured, NSRI may terminate the Option Agreement by giving written notice to PG USA.

After termination of the Option Agreement, PG USA is required to:

- pay to NSRI any governmental fees due with respect to the property within 60 days or less from the date of termination; and
- complete all required reclamation obligations directly arising as a result of its exploration activities.

	USA		
March 31, 2021	**White Rock**	**Silverbow**	**Total**
Acquisition Costs			
Balance,December 31, 2020	$ 14,943	$ 69,397	$ 84,340
Additions	-	-	-
Impairment	-	-	-
Acquisition costs, March 31, 2021	**14,943**	**69,397**	**84,340**
Exploration Costs			
Balance,December 31, 2020	104,606	191,079	295,685
Additions	78,824	187,563	266,387
Impairment	-	-	-
Exploration costs, March 31, 2021	**183,430**	**378,642**	**562,072**
Balance, March 31, 2021	**$ 198,373**	**$ 448,039**	**$ 646,412**

	USA		
December 31, 2020	**White Rock**	**Silverbow**	**Total**
Acquisition Costs			
Balance,December 31, 2019	$ -	$ 16,322	$ 16,322
Additions	14,943	53,075	68,018
Impairment	-	-	-
Acquisition costs, December 31, 2020	**14,943**	**69,397**	**84,340**
Exploration Costs			
Balance,December 31, 2019	-	149,361	149,361
Additions	104,606	41,718	146,324
Impairment	-	-	-
Exploration costs, December 31, 2020	**104,606**	**191,079**	**295,685**
Balance, December 31, 2020	**$ 119,549**	**$ 260,476**	**$ 380,025**

5. LOAN PAYABLE

On January 29, 2019, the Company received $47,500 from an individual in respect of a non-brokered private placement. As at March 31, 2021, units have not been issued and accordingly, this amount has been classified as a non-interest bearing loan without specific terms of repayment.

6. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares, without par value.
Unlimited number of preferred shares, without par value.

Issued

At March 31, 2021, there were 53,157,575 (December 31, 2020 – 43,542,575) issued and fully paid common shares outstanding.

2021

On February 12, 2021, the Company completed a non-brokered private placement by issuing 9,615,000 units at a price of $0.10 per unit for gross proceeds of $961,500. Each unit consists of one common share of the Company and one common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share at a price of $0.15 per share until February 12, 2026. The Company paid $28,105 in share issue costs related to this private placement.

2020

On December 30, 2019, pursuant to a subscription agreement for a non-brokered private placement entered into on December 27, 2019 for 1,000,000 units at a price of $0.15 per unit, the Company received gross proceeds of $150,000 from the private company providing media services to the Company (see note 3). Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share of the Company at a price of $0.30 per share for a period of 24 months from the date of issue. The units were issued on February 10, 2020.

On August 6, 2020, the Company completed a non-brokered private placement of 4,443,444 units at a price of $0.09 per unit for gross proceeds of $399,910. Each unit consists of one common share of the Company and one common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share of the Company at a price of $0.15 per share until August 6, 2025.

On August 6, 2020, the Company issued 1,000,000 common shares to an arms-length third party in consideration for certain consulting obligations and work associated with the Company's land acquisitions and option agreements in Nevada. These shares have been valued at $90,000 and expensed during the year ended December 31, 2020 as consulting expense.

(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES *(continued)*

Warrants

Details of common share purchase warrants outstanding at March 31, 2021 are as follows:

	Outstanding Warrants		Exercise price	Expiry date	Remaining Life (years)
Share purchase warrants					
Issued in private placement (1)	1,033,000	$	0.40	May 8, 2021	0.10
Issued in private placement	584,999	$	0.30	August 27, 2021	0.41
Issued in private placement	500,000	$	0.30	February 10, 2022	0.87
Issued in private placement	4,443,444	$	0.15	August 6, 2025	4.35
Issued in private placement	9,615,000	$	0.15	February 12, 2026	4.87
	16,176,443	$	0.18		4.14

(1) These warrants expired on May 8, 2021.

The weighted average remaining contractual life of the issued and outstanding warrants at March 31, 2021 was 4.14 years.

Common share purchase warrant transactions during the periods ended March 31, 2021 and December 31, 2020 are as follows:

	Three months ended March 31 2021			Year ended December 31 2020		
	Number of Warrants		Weighted average exercise price	Number of Warrants		Weighted average exercise price
Outstanding - beginning of period	6,561,443	$	0.21	3,461,866	$	0.30
Expired	-	$	-	(750,000)	$	0.15
Expired	-	$	-	(1,093,867)	$	0.30
Issued in private placement	9,615,000	$	0.15	-	$	-
Issued in private placement	-	$	-	500,000	$	0.30
Issued in private placement	-	$	-	4,443,444	$	0.15
Outstanding - end of period	16,176,443	$	0.21	6,561,443	$	0.21

6. SHARE CAPITAL AND RESERVES *(continued)*

Stock Options

The Company has adopted an incentive stock option plan which provides that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable up to five years from the date of grant, unless the Board establishes more restrictive terms. The fair value of each option grant will be estimated on the date of grant using the Black-Scholes option pricing model.

On September 17, 2018, the Company granted 200,000 share purchase options to a consultant of the Company. The share purchase options are exercisable at $0.25 per share for a period of one year, expiring September 17, 2019. The estimated fair value was calculated for the options using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 2.12%, expected life of 1 year, no annual dividends and expected volatility of 220%. Total compensation relating to this grant is $24,640. Of this amount, the Company recognized $10,765 in share-based payments during 2019. The 200,000 share purchase options expired unexercised on September 17, 2019.

Share-based Payments Reserve

The Reserves account records items recognized as share-based payments expense, other share-based payments and the value attributed to unit warrants until such time as the stock options are exercised, at which time the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options remain in the reserves account. Amounts recorded for exercised, cancelled or expired warrants remain in the reserves account.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2021, the Company's financial instruments consist of cash, accounts payable and accrued liabilities, due to related party and loan payable.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

In management's opinion, the Company's carrying values of cash, accounts payable and accrued liabilities, due to related parties and loan payable approximate their fair values due to the immediate or short-term maturity of these instruments.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation causing the other party to incur a financial loss. The Company is exposed to credit risk arising from its cash holdings. The Company manages credit risk by placing cash with major Canadian financial institutions. Credit risk is assessed as low.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due. Historically, the Company's sole source of funding has been the issuance of equity securities for cash primarily through private placements and loans and advances from lenders and related parties. The Company's access to financing is always uncertain and there can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is not affected by price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchanges rates. The Company's property interests in the USA make it subject to foreign currency fluctuations. As at March 31, 2021, the Company had liabilities of $45,144 denominated in US dollars which were translated into Canadian Dollars for financial reporting. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk is minimal.

8. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares and funds advanced by investors. The Company's capital management objectives are to safeguard its ability to continue as a going concern. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

(Unaudited - Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount agreed to by the related parties. Unless otherwise indicated, the balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from advances or the provision of services and fees described.

During the three months ended March 31, 2021, the Company incurred $15,000 (2020 - $Nil) in consulting fees paid to the Chief Executive Officer (the "CEO"); and $15,000 (2020 - $Nil) to a company controlled by the Chief Financial Officer (the "CFO") of the Company.

On April 24, 2019, the Company entered into a Trust Agreement with the CEO of the Company. See note 4.

Related Party Balances

At March 31, 2021, accounts payable and accrued liabilities included $97,000 (December 31, 2020 – $112,000) payable to the CEO of the Company and $67,779 (December 31, 2020 - $87,779) payable to a company controlled by the CFO of the Company for consulting fees incurred during the current and prior years. As at March 31, 2021 the total accounts payable due to related parties is $164,779 (December 31, 2020 - $199,779). See Note 13.

Amounts advanced by a director of the Company in the year ended December 31, 2020 totaled $20,000 and were made to aid with working capital requirements. The advances are non-interest bearing without specific terms of repayment and were repaid in March 2021.

10. LOSS PER SHARE

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. The warrants outstanding at March 31, 2021 have not been included in the calculation of diluted earnings per share as the effect of their inclusion would be anti-dilutive. Loss per share is calculated as follows:

		Three months ended March 31		
		2021		**2020**
Net loss	$	(130,527)	$	(36,214)
Weighted average number of shares outstanding		48,563,742		37,648,582
Basic and diluted loss per share	$	(0.00)	$	(0.00)

11. SUPPLEMENTARY DISCLOSURES WITH RESPECT TO CASH FLOWS

As at March 31, 2021, $56,768 (December 31, 2020 - $39,734) in exploration and evaluation expenditures were included in accounts payable and accrued liabilities.

12. SEGMENTED FINANCIAL INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company has mineral properties located in North America (Nevada, USA). Geographic information is as follows:

	March 31 2021	December 31 2020
Non-current assets:		
USA	$ 646,412	$ 380,025
	$ 646,412	$ 380,025

13. SUBSEQUENT EVENTS

On April 19, 2021, the Company entered into a share purchase agreement (the "SPA") with a private company ("CGPI") in Alberta, Canada and the shareholders of CGPI, whereby the Company will acquire 100% of the right, title and interest in and to all of the shares of CGPI from CGPI's shareholders. Pursuant to the SPA, the Company will issue an aggregate of three million common shares of the Company at a deemed value of $0.10 per share and pay $20,000 in cash at the closing of the transaction. On January 15, 2021, CGPI entered into a mining lease and assignment (the "MLA"), being the sole asset of CGPI, whereby the lessor granted, let and leased all of its right, title and interest in and to 20 unpatented mining claims, two homestead sites and eight patented mining claims situated in Eureka County, Nevada (the "Property") to CGPI.

The MLA is for an initial term of 20 years and will continue for so long thereafter as mineral exploration, mine development, mining or mineral processing operations are conducted by CGPI or its successors on any portion of the Property or any properties within one mile of the exterior boundaries of the Property. At any time before the 20th anniversary of the effective date of the MLA, and every 20th anniversary thereafter, CGPI may, by providing written notice to the lessor, extend the term of the MLA for additional increments of 20 years from the effective date, and so long thereafter as mineral exploration, mine development, mining or mineral processing operations are conducted on any portion of the Property or any properties within one mile of the exterior boundaries of the Property.

Advance minimum royalty payments totaling US $229,000 over a six-year period are required to be made and exploration expenditures of US $2,450,000 over an eight-year period are required to be incurred as follows (all amounts are in US dollars):

Payments
- $14,000 by April 6, 2021;
- $20,000 by April 1, 2022;
- $25,000 by April 1, 2023;
- $30,000 by April 1, 2024;
- $40,000 by April 1, 2025;
- $50,000 by April 1, 2026; and
- $50,000 by April 1, 2027 and thereafter for so long as the MLA remains in effect.

13. SUBSEQUENT EVENTS *(continued)*

Exploration Expenditures

- $200,000 by April 1, 2023;
- $250,000 by April 1, 2024;
- $250,000 by April 1, 2025;
- $300,000 by April 1, 2026;
- $300,000 by April 1, 2027;
- $400,000 by April 1, 2028; and
- $750,000 by April 1, 2029

Any expenditures incurred in excess of the required amount for that year will be credited and apply fully to succeeding years.

CGPI is responsible for making all payments and filings required to maintain the Property in good standing including, but not limited to, property taxes, federal maintenance fees and any federal or state filings. CGPI is also responsible for paying all state taxes in connection with its mining operations on the Property.

CGPI will pay the lessor a production royalty of 3% net smelter returns (“NSR”) on all minerals produced and sold by CGPI from within the vertical boundaries of the Property and any additional claims located within the area of interest (as defined). The NSR can be bought down by 1.5% for US $1.5 million, with the entire amount required no later than six months after either a bulk test of ore is initiated or a decision to start mining has been reached. The remaining 1.5% of the original 3% is retained by the lessor.

CGPI may terminate the MLA at any time with respect to all or any part of the Property by giving 60 days written notice to the lessor. In the event of a material default by CGPI, CGPI will have at least 20 days to cure the default and, if not cured, the lessor may terminate the MLA by giving written notice to CGPI. Upon termination of the MLA by CGPI, all payments made to the lessor are retained by the lessor and all liabilities and obligations of CGPI not due or accrued prior to termination will cease and terminate. Upon termination of the MLA, CGPI remains responsible for completing any payments, any and all reclamation obligations, or satisfying any other obligations under the MLA that became due prior to termination.

After expiration or termination of the MLA, CGPI is required to promptly reclaim all surface disturbance on the terminated portion of the Property caused by, or on behalf of, CGPI in accordance with applicable legal requirements.

On April 21, 2021, the Company entered into debt settlement agreements with the CEO and CFO of the Company to settle outstanding indebtedness totaling $167,000 by issuing 1,670,000 common shares of the Company at a deemed price of $0.10 per share. These debt settlement agreements are subject to exchange approval.

On April 21, 2021, the Company completed a non-brokered private placement of 3,150,000 units at a price of $0.10 per unit for gross proceeds of $315,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share of the Company at a price of $0.15 per share until April 21, 2026. The Company paid $13,800 in finders’ fees related to this private placement.

On May 8, 2021, 1,033,000 share purchase warrants expired unexercised.