Winston Gold Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

(unaudited)

For the Three Months ended March 31, 2021 and 2020

Notice to Reader

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

Winston Gold Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(unaudited)

As at		March 31, 2021		December 31, 2020
Assets				
Current assets				
Cash	$	755,426	$	1,694,849
Accounts receivable (Note 20)		14,801		94,782
Prepaid expenses and deposits (Note 7)		88,667		79,026
Total current assets		858,894		1,868,657
Non-current assets				
Equipment (Note 8)		1,107,678		1,155,352
Right-of-use asset (Note 9)		828,116		891,974
Reclamation bonds (Note 13)		55,874		56,572
Total non-current assets		1,991,668		2,103,898
Total Assets	$	2,850,562	$	3,972,555
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	230,758	$	438,937
Debenture interest payable (Note 11)		18,470		11,011
Debentures payable (Note 11)		1,218,167		1,296,436
Lease liability (Note 9)		180,395		175,966
Due to directors (Note 10)		183,215		322,857
Total current liabilities		1,831,005		2,245,207
Non-current liabilities				
Due to director, long-term (Note 12)		377,250		381,960
Lease liability (Note 9)		709,428		766,530
Restoration liabilities (Note 13)		55,874		56,572
Total non-current liabilities		1,142,552		1,205,062
Total Liabilities		2,973,557		3,450,269
Shareholders' Equity (Deficiency)				
Share capital (Note 15)		32,542,162		29,445,331
Share purchase warrants (Note 17)		9,721,385		8,147,576
Share subscriptions received (Note 14)		-		670,400
Contributed surplus (Note 18)		3,121,692		3,019,784
Accumulated other comprehensive (loss)		(128,691)		(115,213)
Deficit		(45,379,543)		(40,645,592)
Total Shareholders' Equity (Deficiency)		(122,995)		522,286
Total Liabilities and Shareholders' Equity (Deficiency)	$	2,850,562	$	3,972,555

Nature of operations and going concern (Note 1)
Subsequent events (Note 24)

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

Approved by The Board of Directors on May 26, 2021

"Murray Nye"
Director

"Stan Stewin"
Director

Winston Gold Corp.

(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)
(unaudited)

	Three months ended March 31,	
	2021	2020
Expenses		
Exploration and evaluation expenses (Notes 19, 20)	**$ 3,138,191**	$ 1,217,134
Office and administrative costs (Note 20)	**109,400**	52,600
Management fees (Note 20)	**120,000**	60,000
Professional and consulting fees	**926,271**	222,852
Travel	**48,415**	17,808
Depreciation expense (Note 8)	**55,614**	28,067
Interest and accretion expense (Note 11)	**31,850**	66,612
Shareholder loan interest (Note 20)	**2,201**	11,349
Debenture bonus expense (Note 11)	**-**	154,391
Share based payments (Notes 16, 20)	**314,310**	-
Loss (gain) on embedded derivative (Note 11)	**-**	(109,447)
Gain on settlement of debt	**(1,604)**	-
Unrealized (gain) loss on revaluation of securities (Note 6)	**-**	113,415
Gain on disposal of securities (Note 6)	**-**	(84,526)
Foreign exchange (gain) loss	**(10,697)**	286,160
Loss for the period	**(4,733,951)**	(2,036,415)
Foreign exchange on translation of subsidiaries	**(13,478)**	38,573
Loss and comprehensive loss for the period	**$ (4,747,429)**	$ (1,997,842)
Basic and diluted loss per share	**$(0.013)**	$(0.012)
Weighted average number of common shares outstanding		
Basic and diluted	**363,690,091**	173,233,373

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

Winston Gold Corp.

(An Exploration Stage Company)
Condensed Interim Statements of Changes in Shareholders' Deficiency
As at March 31, 2021
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Share Purchase Warrants	Accumulated Other Comprehensive Income	Share Subscriptions Received	Deficit	Total
	(Note 15)	(Note 15)	(Note 18)	(Note 17)		(Note 14)		
Balance, January 1, 2020	**173,233,373**	**$ 21,747,152**	**$ 1,489,906**	**$ 2,562,992**	**$ (8,647)**	**$ -**	**(27,488,063)**	**$ (1,696,660)**
Share subscriptions received	-	-	-	-	-	1,041,178	-	1,041,178
Loss and comprehensive loss for the year	-	-	-	-	38,573	-	(2,036,415)	(1,997,842)
Balance, March 31, 2020	**173,233,373**	**21,747,152**	**1,489,906**	**2,562,992**	**29,926**	**1,041,178**	**(29,524,478)**	**(2,653,324)**
Shares issued for cash	152,852,621	12,018,493	-	-	-	(370,778)	-	11,647,715
Allocated to warrants	-	(5,794,273)	-	5,794,273	-	-	-	-
Shares issued for warrant exercise	10,598,000	1,321,527	-	(261,726)	-	-	-	1,059,801
Shares issued for stock option exercise	2,680,000	231,849	(95,849)	-	-	-	-	136,000
Broker shares issued	572,000	40,040	-	-	-	-	-	40,040
Share issue costs	-	(119,457)	-	52,037	-		-	(67,420)
Share based payments	-	-	1,625,727	-	-	-	-	1,625,727
Loss and comprehensive loss for the period	-	-	-	-	(145,139)	-	(11,121,114)	(11,266,253)
Balance, December 31, 2020	**339,935,994**	**29,445,331**	**3,019,784**	**8,147,576**	**(115,213)**	**670,400**	**(40,645,592)**	**522,286**
Shares issued for cash	36,855,183	3,598,303	-	-	-	(670,400)	-	2,927,903
Allocated to warrants	-	(1,730,494)	-	1,730,494	-	-	-	-
Shares issued for warrant exercise	5,707,683	830,220	-	(198,786)	-	-	-	631,434
Shares issued for stock option exercise	2,200,000	465,062	(212,561)	-	-	-	-	252,501
Broker warrants expired	-	-	159	(159)	-	-	-	-
Share issue costs	-	(66,260)	-	42,260	-	-	-	(24,000)
Share-based payments	-	-	314,310	-	-	-	-	314,310
Loss and comprehensive loss for the year	-	-	-	-	(13,478)	-	(4,733,951)	(4,747,429)
Balance, March 31, 2021	**384,698,860**	**$ 32,542,162**	**$ 3,121,692**	**$ 9,721,385**	**$ (128,691)**	**$ -**	**(45,379,543)**	**$ (122,995)**

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

Winston Gold Corp.

(An Exploration Stage Company)

Condernsed Interim Consolidated Statements of Cash flows

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(unaudited)

	Three months ended March 31, 2021	2020
Cash (used in) provided by:		
Operating Activities		
Loss for the period	**$ (4,733,951)**	$ (2,036,415)
Items not affecting cash:		
Depreciation	**55,614**	28,067
Right of use asset amortization	**53,216**	-
Accrued interest expense	**7,459**	22,096
Interest expense	**2,201**	11,349
Accretion expense on debentures payable	**-**	23,521
Accretion on lease	**34,631**	-
Accrued management fees	**90,000**	60,000
Debenture bonus payment	**-**	154,391
Loss (gain) on embedded derivative	**-**	(109,447)
Foreign exchange	**(9,681)**	179,756
Unrealized loss (gain) on revaluation of maketable securities	**-**	113,415
Realized gain on sale of marketable securities	**-**	(84,526)
Share-based payments	**314,310**	-
Restoration liability	**-**	1,487
Net changes in non-cash working capital items:		
Deposits	**-**	(1,199)
Accounts payable and accrued liabilities	**(208,179)**	(60,719)
Accounts receivable	**79,982**	-
Prepaid expenses	**(9,641)**	-
Net cash used in operating activities	**(4,324,039)**	(1,698,224)
Investing Activities		
Reclamation bond	**-**	(1,487)
Sale of marketable securities	**-**	181,389
Purchase of equipment	**(21,960)**	-
Net cash used in investing activities	**(21,960)**	179,902
Financing Activities		
Proceeds from share issuances	**2,927,903**	-
Share issuance costs	**(24,000)**	-
Exercise of stock options	**252,500**	-
Exercise of warrants	**631,435**	-
Share subscriptions received in advance	**-**	1,041,178
Lease payments	**(75,960)**	-
Proceeds from director loans	**-**	554,092
Repayment of debentures	**(61,688)**	-
Repayment of director loans	**(230,136)**	(45,150)
Net cash provided by financing activities	**3,420,054**	1,550,120
Effect of foreign exchange on cash	**(13,478)**	38,573
Net change in cash	**(939,423)**	70,371
Cash, beginning of period	**1,694,849**	131,135
Cash, end of period	**$ 755,426**	$ 201,506

Change in liabilities from financing activities (Note 5)

Non-Cash Transactions	$	$
Issuance of private placement warrants	1,730,494	-
Issuance of broker warrants	42,260	-
Share subscriptions applied to private placement	670,400	-
Relative fair value of warrants exercised	198,785	-
Reversal of contributed surplus on exercise of options	212,562	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Winston Gold Corp. (the "Company") was incorporated in the Province of Manitoba on January 31, 2013. The Company is listed on the Canadian Securities Exchange under the symbol WGC. The Company is in the process of exploring mining claims which are under lease and has not yet determined whether or not the leased properties will contain economically recoverable reserves.

The principal address of the Company is 919 Notre Dame Avenue, Suite 201, Winnipeg, Manitoba R3E 0M8.

The unaudited condensed interim consolidated financial statements of the Company were approved by the Board of Directors on May 26, 2021.

Going Concern of Operations

While these financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends on its ability to raise adequate financing and to develop profitable operations.

The Company is in the exploration stage and has not generated revenue from operations. During the period ended March 31, 2021, the Company incurred a net loss of $4,733,951 (March 31, 2020 - $2,036,415), and as of that date, the Company had a deficit of $45,379,543 (December 31, 2020 - $40,645,592), working capital deficiency of $972,111 (December 31, 2020 – deficiency of $376,550) and negative cash flow from operations of $4,324,039 (December 31, 2020 – negative $10,572,461).

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production and on being able to make payments required under the mining lease agreements and debenture agreements. The Company continues to evaluate various options in order to address its financing needs. There can be no assurance that the Company's financing activities will be successful or sufficient.

These unaudited condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the going concern assumption not be appropriate. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements of the Company present the Company's financial results of operations and financial position under IFRS as at and for the three months ended March 31, 2021.

These unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee.

2. BASIS OF PREPARATION (cont'd)

Statement of Compliance (cont'd)

A summary of the Company's significant account policies under IFRS are consistent with those of the Company's consolidated financial statements for the year ended December 31, 2020. Refer to those consolidated financial statements for significant accounting policies and recent accounting pronouncements. These policies have been consistently applied to all periods presented

Basis of Measurement and Presentation

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars which is also the Company's functional currency. The functional currency of the Company's US subsidiaries is the US dollar. The unaudited condensed interim consolidated financial statements are prepared on the historical cost basis except for financial instruments measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its 100% owned subsidiaries Winston Gold Mining USA Corp. and Western States Gold Milling Co. Under the guidance of IFRS 10 C*onsolidated Financial Statements*, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquirer's returns. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

All intercompany transactions and balances are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company makes estimates, judgments 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. In the future, actual results may differ from these estimates and assumptions.

Judgments

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

i) 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.

ii) Going Concern
   The Company applies judgment in assessing whether material uncertainties exist that would cause doubt as to whether the Company could continue as a going concern.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont'd)

Judgments (cont'd)

iii) Deferred exploration expenses

The Company applies judgment in assessing whether material uncertainties exist that would determine whether the Company has reached a phase of development activity whereby its exploration expenditures could be classified as assets. As at March 31, 2021, management has determined the projects have not reached development stage.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information regarding significant areas of estimation and uncertainty made in applying accounting policies that have the most significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements are the following:

Valuation of right-of-use asset and lease liabilities

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include assessing lease agreements to determine the contract term and interest rate used for discounting of future cash flows.

The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The present value of the lease payment is determined using a discount rate representing the rate of a commercial mortgage rate, observed in the period when the lease agreement commences or is modified.

Estimating useful life of equipment

Depreciation of equipment is charged so as to write down the value of those assets to their residual value over their respective estimated useful lives. Management is required to assess the useful economic lives and residual values of the assets such that depreciation is charged on a systematic basis to the current carrying amount. The useful lives are estimated having regard to such factors such as asset maintenance, rate of technical and commercial obsolescence, and asset usage. The useful lives of key assets are reviewed annually.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont'd)

Estimates (cont'd)

Impairment

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

Share-based payments

Management uses the Black-Scholes Pricing Model for valuation of share based compensation and warrants, which requires the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company is the Canadian dollar. Management also determined that the functional currency of Winston USA and Western States Gold Milling is the US dollar.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

Standards issued or amended but not yet effective

The Company has not applied the following revised IFRS that has been issued but was not yet effective at March 31, 2021. This accounting standard is not currently expected to have a significant effect on the Company's accounting policies or financial statements.

- IAS 16, *Property, Plant and Equipment - Proceeds before Intended Use* (effective January 1, 2022). The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in profit or loss.

(Expressed in Canadian Dollars)

5. CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES

The following is a continuity of changes in liabilities arising from financing activities for the period ended March 31, 2021 and 2020:

For the period ended March 31, 2021

			Non-cash changes				
	January 1, 2021	**Cash flows**	**Management fees & interest accrual** [1]	**Foreign exchange movements**	**Debenture bonus rolled into principal**	**Amortization of deferred financing costs**	**March 31, 2021**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Due to directors	**322,857**	**(230,136)**	**92,201**	**(1,707)**	**-**	**-**	**183,215**
LT director loan	**381,960**		**-**	**(4,710)**	**-**	**-**	**377,250**
Non-convertible debentures	**1,296,436**	**(61,688)**	**-**	**(16,581)**	**-**	**-**	**1,218,167**
	2,001,253	**(291,824)**	**92,201**	**(22,998)**	**-**	**-**	**1,778,632**

[1] Management Fees - $90,000. Interest - $2,201 (USD 1,750).

For the period ended March 31, 2020

			Non-cash changes				
	January 1, 2020	Cash flows	Management fees & interest accrual [1]	Foreign exchange movements	Debenture bonus rolled into principal	Amortization of deferred financing costs	March 31, 2020
	$	$	$	$		$	$
Due to directors	183,641	508,942	71,349	56,146	-	-	820,078
LT director loan	389,640	-	-	35,970	-	-	425,610
Non-convertible debentures	1,560,618	-	-	146,241	154,391	23,521	1,884,771
	2,133,899	508,942	71,349	238,357	154,391	23,521	3,130,459

[1] Management Fees - $60,000. Interest - $11,349 (USD 8,000).

6. MARKETABLE SECURITIES

In connection with the sale of Goldridge Holdings, MNRG was to issue 21,942,576 MNRG ordinary shares of which 19,748,318 shares were issued on July 30, 2019. These consideration shares were valued at $0.00481 (GBX 0.3000) each for total consideration of $94,899.

The following is a continuity of the loss on revaluation and gain on disposal of marketable securities for the period ended March 31, 2020:

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES (cont'd)

	Date	Number of Shares	Proceeds on sale	Gain/(Loss)
Unrealized gain on value of securities January 1, 2020				$ 115,379
For the three months ended March 31, 2020				
Disposal of securities	31-Jan-20	(19,748,318)	$ 181,389	$ (28,889)
Unrealized loss on value of securities on disposal	31-Jan-20		$ (115,379)	
Unrealized gain on value of securities on disposal	31-Jan-20		$ 30,853	$ (84,526)
Net unrealized loss on value of securities	31-Mar-20			$ (113,415)
Realized gain on disposal of securities	31-Mar-20			$ 84,526
Net Loss on disposal of securities March 31, 2020				$ (28,889)

7. PREPAID EXPENSES AND DEPOSITS

	March 31 2021	December 31, 2020
Prepaid expenses	$ **25,150**	$ 25,464
Deposits	**63,517**	53,562
Total	$ **88,667**	$ 79,026

8. EQUIPMENT

For the period ended March 31, 2021

Cost	**Building**	**Leaseholds**	**Exploration Equipment**	**Vehicles**	**Computer Equipment**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
At December 31, 2020	**89,761**	**68,581**	**1,217,401**	**47,612**	**33,803**	**1,457,158**
Additions/Disposals	**-**	**-**	**-**	**21,960**	**-**	**21,960**
Foreign exchange	**(1,107)**	**(846)**	**(8,038)**	**(7,709)**	**(416)**	**(18,116)**
At March 31, 2021	**88,654**	**67,735**	**1,209,363**	**61,863**	**33,387**	**1,461,002**

(Expressed in Canadian Dollars)

8. EQUIPMENT (cont'd)

Accumulated Amortization	**Building**	**Leaseholds**	**Exploration Equipment**	**Vehicles**	**Computer Equipment**	**Total**
At December 31, 2020	**(2,759)**	**-**	**(283,956)**	**(12,978)**	**(2,113)**	**(301,806)**
Amortization for the period	**(827)**	**(4,263)**	**(44,951)**	**(2,947)**	**(2,626)**	**(55,614)**
Foreign exchange	**40**	**29**	**3,804**	**178**	**45**	**4,096**
At March 31, 2021	**(3,546)**	**(4,234)**	**(325,103)**	**(15,747)**	**(4,694)**	**(353,324)**
Net Book Value	**85,108**	**63,501**	**884,260**	**46,116**	**28,693**	**1,107,678**

For the year ended December 31, 2020

Cost	Building	Leaseholds	Exploration Equipment	Vehicles	Computer Equipment	Total
	$	$	$	$	$	$
At December 31, 2019	75,980	-	724,293	17,274	1,323	818,870
Additions/Disposals	16,098	72,260	534,603	32,325	35,617	690,903
Foreign exchange	(2,317)	(3,679)	(41,495)	(1,987)	(3,137)	(52,615)
At December 31, 2020	89,761	68,581	1,217,401	47,612	33,803	1,457,158

Accumulated Amortization	Building	Leaseholds	Exploration Equipment	Vehicles	Computer Equipment	Total
At December 31, 2019	-	-	(158,470)	(7,598)	(1,323)	(167,391)
Amortization for the year	(2,907)	-	(134,754)	(5,827)	(2,226)	(145,714)
Foreign exchange	148	-	9,268	447	1,436	11,299
At December 31, 2020	(2,759)	-	(283,956)	(12,978)	(2,113)	(301,806)
Net Book Value	87,002	68,581	933,445	34,634	31,690	1,155,352

(Expressed in Canadian Dollars)

9. RIGHT OF USE ASSET AND LEASE LIABILITY

On March 1, 2020, the Company entered into a right-of use lease with Paradine LLC (the "Lease") for use of the Paradine Mill in Montana (Note 19(c)). Under the terms of the Lease, the Company is obligated to pay USD 20,000 for a term of 60 months. When measuring the present value of lease obligations, the Company discounted the remaining lease payments using the estimated borrowing rate of 15%.

The following is a continuity of the right-of use asset and lease liability for the period ended March 31, 2021

	March 31, 2021	December 31, 2020
Right-of-use asset	**$**	$
Right of use asset, beginning of period	**891,974**	-
Additions	**-**	1,128,965
Amortization	**(53,216)**	(188,924)
Foreign exchange	**(10,642)**	(48,067)
Right of use asset, end of period	**828,116**	891,974
Lease Liability		
Lease liability, beginning of period	**(942,496)**	-
Additions	**-**	(1,128,965)
Payments	**75,960**	269,669
Interest (exploration & evaluation expenses)	**(34,631)**	(134,249)
Foreign exchange	**11,344**	51,049
Lease liability, end of period	**(889,823)**	(942,496)
Lease liability-current	**(180,395)**	(175,966)
Lease liability-long term	**(709,428)**	(766,530)
Total Lease liability, end of period	**(889,823)**	(942,496)

10. DUE TO DIRECTORS

As at March 31, 2021, the non-interest bearing amounts due to directors were $44,256 (December 31, 2020 - $184,392). These loans are unsecured and have no fixed terms of repayment. (Note 20). The interest bearing amounts due to directors were $138,958 (USD 110,504) (December 31, 2020 – $138,465 (USD 108,754)). These loans are unsecured, bear simple interest at 10% annually and have no fixed terms of repayment.

During the period ended March 31, 2021, the Company repaid $230,136 (2020 - $45,150) in non-interest bearing director loans.

During the year ended December 31, 2020, the Company repaid $348,430 in non-interest bearing director loans and $615,576 (USD 469,971) in interest-bearing director loans. During the year ended December 31, 2020, 554,092 (USD 420,000) in interest-bearing director loans was advanced.

(Expressed in Canadian Dollars)

11. DEBENTURES PAYABLE

During the year ended December 31, 2017, the Company entered into non-convertible USD debentures payable agreements. The Series 1 debentures matured on December 1, 2019. The Series 2 debentures matured on March 31, 2020. The debentures are secured on a general lien basis by all property and assets of the Company, non-convertible and pay annual interest at 10% calculated from the date the Subscription Agreement is executed and the funds are received from the investor.

The interest was payable semi-annually on June 1 and December 1 of each year until maturity. On the maturity date, in addition to the interest rate, the Company was obligated to pay a bonus to the lenders in an amount equal to the difference between the Principal Amount and the gold price differential calculated as the difference between the gold price on the Closing Date and the gold price on the Maturity Date to a maximum of USD 1,600 per troy ounce. The Bonus Payment is calculated as Principal Amount x [(Gold Price on Maturity – Gold Price on Closing)/Gold Price on Closing]. If the debentures are not re-paid on the Maturity Dates, the Company shall pay 10% semi-annual interest on the outstanding portion of the principal amount on December 1 and June 1 of each year until the date of repayment. The bonus payment of $119,266 (USD 89,694) related to the Series 1 debentures was recognized in profit or loss upon their maturity, rolled into the principal and Renewed Series 1 matured on December 1, 2020. The bonus payment of $154,391 (USD 108,826) related to the Series 2 debentures was recognized in profit or loss upon their maturity, rolled into the principal and Renewed Series 2 matured on March 31, 2021. The Company has the option to repay any portion of the Renewed Series 1 and Series 2 debentures at any time.

In connection with the non-convertible debenture financing, the Company incurred total transaction costs of $470,031 which were netted with the debentures and amortized over the term of the debentures.

The following is a continuity of non-convertible debentures due from the Company for the three months ended March 31, 2021:

	March 31, 2021	December 31, 2020
Debentures:	**$**	$
Non-convertible debentures, beginning of period	**1,296,436**	1,584,139
Additions	**-**	154,391
Payments	**(61,688)**	(413,818)
Foreign exchange	**(16,581)**	(28,276)
Non-convertible debentures, end of period	**1,218,167**	1,296,436
Loan transaction costs:		
Loan transaction costs, beginning of period	**-**	(23,521)
Accretion expense during the period	**-**	23,521
Loan transaction costs, end of period	**-**	-
Non-convertible debentures balance (net of transaction costs), end of period	**1,218,167**	1,296,436

11. DEBENTURES PAYABLE (cont'd)

During the period ended March 31, 2021, the Company recorded $31,850 (2020 – $43,092) in interest expense.

During the period ended March 31, 2021, the Company repaid $61,688 (USD 49,529) (2020 - $Nil) in S2 Debenture principal.

The Company has recorded an embedded derivative liability that arose from the Company's obligation to pay the Bonus Payment which was indexed to the gold price. The embedded derivative liability was subject to fair value adjustment based on gold price at the end of each reporting period, with changes recorded as unrealized gain or loss on embedded derivative liability in the statement of loss and comprehensive loss. During the year ended December 31, 2020, the embedded derivative was extinguished with the recognition of the S2 bonus payment resulting in a gain on the S2 embedded derivative in the amount of $109,447 based on the spot gold price of USD 1,584.

12. DUE TO DIRECTORS – LONG TERM

On October 4, 2019, the Company received a director loan in the amount of $389,640 (USD 300,000). The loan is secured by exploration equipment, namely a jumbo drill. The loan bears simple interest at an annual rate of 10%. Principal and interest is repayable monthly, amortized for 36 months commencing at the director's discretion. On January 4, 2020, the director entered into an amended loan agreement to extend the repayment date for 6 additional months with an option for further extensions. During the year ended December 31, 2020, the director extended the grace period indefinitely. As at March 31, 2021, the long-term loan due to director is $377,250 (USD 300,000).

13. RESTORATION LIABILITIES AND RECLAMATION BONDS

As at March 31, 2021, management estimated site restoration costs relating to evaluation work completed on the exploration of the Winston property to be $55,874 (USD 44,433) (December 31, 2020 - $56,572 (USD 44,433)) which has been accrued. These costs are estimated by management and approved by the Montana Department of Environmental Quality ("DEQ"). The Company is required to issue reclamation bonds to the DEQ to cover these estimated restoration costs.

The reclamation bonds issued relating to this exploration amount to $55,874 (USD 44,433) (December 31, 2020 - $56,572 (USD 44,433)). The reclamation bonds will be returned to the Company upon the DEQ being satisfied with the site restoration work performed.

14. SHARE SUBSCRIPTIONS

During the period ended March 31, 2021, the Company received $Nil for private placement units to be issued.

During the period ended March 31, 2020, the Company received $1,041,178 for private placement units to be issued at a value of $0.08 each. These units were issued on April 28, 2020 (Note 15).

(Expressed in Canadian Dollars)

14. SHARE SUBSCRIPTIONS (cont'd)

During the year ended December 31, 2020, the Company received $670,400 for private placement units to be issued at a value of $0.125 per unit. These units were issued on January 21, 2021 (Note 15).

15. SHARE CAPITAL

Authorized
Unlimited Common shares, voting
Unlimited Preferred shares

Issued and outstanding – Common shares

	Number of Shares		Value
Balance, December 31, 2019	**173,233,373**	**$**	**21,747,152**
Shares issued for cash [a,b,c]	152,852,621		12,018,493
Shares issued for warrant exercise [f]	10,598,000		1,321,527
Shares issued for option exercise [e]	2,680,000		231,849
Broker shares issued [e]	572,000		40,040
Share issue costs [d]	-		(119,457)
Allocated to warrants	-		(5,794,273)
Balance, December 31, 2020	**339,935,994**	**$**	**29,445,331**
Shares issued for cash [g,h]	31,491,983		2,927,903
Shares issued for warrant exercise [j]	5,707,683		830,220
Shares issued for option exercise [k]	2,200,000		465,062
Shares issued for subscriptions due [a]	5,363,200		670,400
Share issue costs [i]			(66,260)
Allocated to warrants			(1,730,494)
Balance, March 31, 2021	**384,698,860**	$	**32,542,162**

<u>December 31, 2020</u>

a) On April 28, 2020, the Company issued 20,885,275 units for total gross proceeds of $1,670,822. Each unit consists of one common share and one common share purchase warrant. The 20,885,275 warrants were assigned a relative fair value of $802,356 or $0.0384 per warrant. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.12, on or before April 28, 2025.

b) On May 29, 2020, the Company issued 40,446,333 units for total gross proceeds of $2,426,780. Each unit consists of one common share and one common share purchase warrant. The 40,446,333 warrants were assigned a relative fair value of $1,168,718 or $0.0289 per warrant. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.12, on or before May 29, 2025.

15. SHARE CAPITAL (cont'd)

c) On August 28, 2020, the Company issued 46,922,000 units for total gross proceeds of $3,284,540. Each unit consists of one common share and one common share purchase warrant. The 46,922,000 warrants were assigned a relative fair value of $1,587,027 or $0.0338 per warrant. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.12 on or before August 28, 2025. The Company also issued 572,000 finders units (Note 15 d).

d) Share issue costs associated with the above financings total $119,457, including 572,000 finders shares valued at $40,040 or $0.07 per share and 572,000 finders warrants valued at $52,037 or $0.091 per warrant.

e) During the year ended December 31, 2020, the Company issued 2,580,000 common shares pursuant to stock options exercised at a value of $0.05 per option and 100,000 common shares pursuant to stock options exercised at a value of $0.07 per option for total proceeds of $136,000. The fair value of these stock options is $95,849, a weighted average value of $0.0358 per option. (Note 16)

f) During the year ended December 31, 2020, the Company issued 10,598,000 common shares pursuant to warrants exercised at a value of $0.10 per warrant for total proceeds of $1,059,800. The relative fair value of these warrants is $261,727, a weighted average value of $0.0247 per warrant (Note 17).

<u>March 31, 2021</u>

g) On January 21, 2021, the Company issued 8,038,200 units at a price of $0.125 per unit for total proceeds of $1,004,775, $670,400 of which was in settlement of share subscriptions due (Note 14). Each unit consists of one common share and one common share purchase warrant. The 8,038,200 warrants were assigned a relative fair value of $477,092, or $0.0594 per warrant. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.20, exercisable on or before January 21, 2026.

h) On February 18, 2021, the Company issued 28,816,983 units at a price of $0.09 per unit for total proceeds of $2,593,528. Each unit consists of one common share and one common share purchase warrant. The 28,816,983 warrants were assigned a relative fair value of $1,253,402 or $0.0435 per warrant. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.13, exercisable on or before February 18, 2026. Share issue costs associated with this financing total $66,260, including 266,666 finders warrants valued at $42,260 or $0.1585 per warrant.

i) Share issue costs associated with the above financings total $66,260, including 266,666 finders warrants valued at $42,260 or $0.1585 per warrant.

j) Received $631,435 pursuant to 5,707,683 warrants exercised at a weighted average exercise price of $0.1106 each. The relative fair value of these warrants is $198,786, a weighted average value of $0.0348 per warrant.

k) Received $252,500 pursuant to 2,200,000 stock options exercised at a weighted average exercise price of $0.11 each. The fair value of these options is $212,562, a weighted average value of $0.0966 per option.

(Expressed in Canadian Dollars)

16. STOCK OPTIONS

The Company has a 10% "rolling" stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock (on a non-diluted basis) of the Company. Under the plan, the exercise price of each option equals the market price, minimum price or a discounted price of the Company's stock as calculated on the date of the grant. The options can be granted for a maximum term of ten years and vest as determined by the Board of Directors.

The following is a continuity of stock option activity for the three months ended March 31, 2021.

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable December 31, 2019	10,310,000	$0.09
Granted	13,350,000	$0.14
Exercised	(2,680,000)	$0.05
Outstanding and exercisable December 31, 2020	20,980,000	$0.13
Granted	3,000,000	$0.12
Exercised	(2,200,000)	$0.11
Outstanding and exercisable March 31, 2021	21,780,000	$0.13

During the period ended March 31, 2021, the Company granted 1,000,000 stock options vesting immediately, with an expiry date of January 21, 2026 to a director of the Company. Each option entitles the holder to purchase one common share of the Company at a price of $0.125 per share. The fair value of these stock options using the Black-Scholes option pricing model was $110,842 or $0.1108 per option. The Company also granted 2,000,000 stock options vesting immediately, with an expiry date of February 1, 2023 to consultants of the Company. Each option entitles the holder to purchase one common share of the Company at a price of $0.12 per share. The fair value of these stock options using the Black-Scholes option pricing model was $203,468 or $0.1017 per option.

During the period ended March 31, 2021, 2,200,000 stock options were exercised at a weighted average exercise price of $0.11 each (Note 15(k)).

During the year ended December 31, 2020 the Company granted 13,350,000 stock options under its Stock Option Plan to directors, officers, employees and consultants. Options vested 100% on the date granted.

The total fair value of share-based payment expense on stock options granted to employees and consultants of the Company for the year ended December 31, 2020 is $1,625,727.

(Expressed in Canadian Dollars)

16. STOCK OPTIONS (cont'd)

During the year ended December 31, 2020, 2,580,000 stock options were exercised at a value of $0.05 per option and 100,000 options were exercised at a value of $0.07 per option (Note 15(e)).

Annualized volatility is estimated by considering historic average share price volatility of the Company's publicly traded shares.

The Company had the following stock options outstanding as at March 31, 2021:

Number of Options	Exercise Price	Expiry Date
150,000	$0.20	August 24, 2021
900,000	$0.40	December 15, 2021
280,000	$0.10	November 27, 2022
3,250,000	$0.05	November 27, 2022
2,200,000	$0.05	March 26, 2024
700,000	$0.07	August 28, 2024
4,200,000	$0.10	April 28, 2025
3,000,000	$0.12	July 31, 2025
6,100,000	$0.18	October 27, 2025
1,000,000	$0.125	January 21, 2026
21,780,000	$0.13	

The following weighted average assumptions were used for the Black-Scholes valuation of the options granted during the period ended March 31, 2021 and 2020.

	April 28, 2020	July 31, 2020	October 27, 2020	January 21, 2021	February 2, 2021
Share price	$0.075	$0.120	$0.175	$0.120	$0.115
Risk-free interest rate	0.39%	0.26%	0.32%	0.36%	0.15%
Expected life of options	5 years	5 years	5 years	5 years	2 years
Volatility	168%	164%	162%	159%	142%
Dividend rate	0.0%	0.0%	0.0%	0.0%	0.0%
Exercise price	$0.10	$0.12	$0.18	$0.125	$0.120
Fair value per option	$0.0698	$0.1121	$0.1628	$0.1108	$0.1017
Forfeiture rate	0%	0%	0%	0%	0%

(Expressed in Canadian Dollars)

17. SHARE PURCHASE WARRANTS

The following is a continuity of share purchase warrant activity for the period ended March 31, 2021:

Expiry Date	Exercise price	January 1, 2021	Granted	Exercised	Expired	March 31, 2021
March 23, 2021	$0.10	551,030	-	(549,350)	(1,680)	-
August 3, 2021	$0.20	1,000,000	-	-	-	1,000,000
September 15, 2022	$0.10	2,852,104	-	-	-	2,852,104
February 2, 2023	$0.10	7,310,001	-	-	-	7,310,001
April 17, 2023	$0.10	8,600,000	-	(325,000)	-	8,275,000
April 17, 2023	$0.10	424,240	-	-	-	424,240
March 26, 2024	$0.10	21,240,000	-	-	-	21,240,000
August 28, 2021	$0.10	299,200	-	-	-	299,200
August 28, 2024	$0.10	27,305,000	-	(1,800,000)	-	25,505,000
October 8, 2024	$0.20	7,724,500	-	-	-	7,724,500
December 23, 2024	$0.20	6,547,750	-	-	-	6,547,750
April 28, 2025	$0.12	20,885,275	-	-	-	20,885,275
May 29, 2025	$0.12	40,446,333	-	(1,433,333)	-	39,013,000
August 28, 2022	$0.12	572,000	-	-	-	572,000
August 28, 2025	$0.12	46,922,000	-	(1,600,000)	-	45,322,000
October 16, 2025	$0.14	26,815,013	-	-	-	26,815,013
December 4, 2025	$0.20	17,784,000	-	-	-	17,784,000
January 21, 2026	$0.20	-	8,038,200	-	-	8,038,200
February 18, 2026	$0.13	-	28,816,983	-	-	28,816,983
February 18, 2023	$0.13	-	266,666	-	-	266,666
Total		237,278,446	37,121,849	(5,707,683)	(1,680)	268,690,932
Weighted average exercise price			$0.15	$0.11	($0.10)	$0.13

(Expressed in Canadian Dollars)

17. **SHARE PURCHASE WARRANTS** (cont'd)

The following is a continuity of share purchase warrant activity for the year ended December 31, 2020:

Expiry Date	Exercise price	January 1, 2020	Granted	Exercised	Expired	December 31, 2020
March 23, 2021	$0.10	551,030	-	-	-	551,030
August 3, 2021	$0.20	1,000,000	-	-	-	1,000,000
September 15, 2022	$0.10	3,372,104	-	(520,000)	-	2,852,104
February 2, 2023	$0.10	7,310,001	-	-	-	7,310,001
April 17, 2023	$0.10	12,578,000	-	(3,978,000)	-	8,600,000
April 17, 2023	$0.10	424,240	-	-	-	424,240
March 26, 2024	$0.10	21,340,000	-	(100,000)	-	21,240,000
August 28, 2021	$0.10	549,200	-	(250,000)	-	299,200
August 28, 2024	$0.10	33,055,000	-	(5,750,000)	-	27,305,000
October 8, 2024	$0.20	7,724,500	-	-	-	7,724,500
December 23, 2024	$0.20	6,547,750	-	-	-	6,547,750
April 28, 2025	$0.12	-	20,885,275	-	-	20,885,275
May 29, 2025	$0.12	-	40,446,333	-	-	40,446,333
August 28, 2022	$0.12	-	572,000	-	-	572,000
August 28, 2025	$0.12	-	46,922,000	-	-	46,922,000
October 16, 2025	$0.14	-	26,815,013	-	-	26,815,013
December 4, 2025	$0.20	-	17,784,000	-	-	17,784,000
Total		94,451,825	153,424,621	(10,598,000)	-	237,278,446
Weighted average exercise price			$0.13	$0.10		$0.13

(Expressed in Canadian Dollars)

17. SHARE PURCHASE WARRANTS (cont'd)

The Company had the following warrants outstanding as at March 31, 2021:

Number of Warrants		Exercise Price	Expiry Date	Fair Value
1,000,000		$0.20	August 3, 2021	$ 47,643
2,852,104		$0.10	September 15, 2022	$ 70,047
7,310,001		$0.10	February 2, 2023	$ 174,595
8,275,000		$0.10	April 17, 2023	$ 199,254
424,240	(ii)	$0.10	April 17, 2023	$ 21,675
21,240,000		$0.10	March 26, 2024	$ 505,463
299,200	(ii)	$0.10	August 28, 2021	$ 14,224
25,505,000		$0.10	August 28, 2024	$ 616,132
7,724,500		$0.20	October 8, 2024	$ 298,332
6,547,750		$0.20	December 23, 2024	$ 250,490
20,885,275		$0.12	April 28, 2025	$ 802,356
39,013,000		$0.12	May 29, 2025	$1,127,301
572,000	(ii)	$0.12	August 28, 2022	$ 52,037
45,322,000		$0.12	August 28, 2025	$1,532,911
26,815,013		$0.14	October 16, 2025	$1,169,285
17,784,000		$0.20	December 4, 2025	$1,066,887
8,038,200		$0.20	January 21, 2026	$ 477,092
28,816,983		$0.13	February 18, 2026	$1,253,402
266,666	(ii)	$0.13	February 18, 2023	$ 42,260
268,690,932				$9,721,385

(ii) These are finders warrants in connection with the Company's financings

The following weighted average assumptions were used for the Black-Scholes valuation of the warrants granted during the years. Warrants included in units are valued based on the relative fair value allocation:

	April 28, 2020 (PP)	May 29, 2020 (PP)	August 28, 2020 (finders)	August 28, 2020 (PP)	October 16, 2020 (PP)
Share Price	$0.075	$0.090	$0.125	$0.125	$0.180
Risk-free interest rate	0.39%	0.32%	0.32%	0.32%	0.30%
Expected life of warrants	5 years	5 years	2 years	5 years	5 years
Percentage of warrants (PP)	48.02%	48.16%	N/A	48.32%	48.45%
Volatility	168%	167%	153%	164%	163%
Dividend rate	0.0%	0.0%	0.0%	0.0%	0.0%
Forfeiture rate	0.0%	0.0%	0.0%	0.0%	0.0%
Fair value per warrant	$0.0384	$0.0289	$0.0910	$0.0338	$0.0436

(Expressed in Canadian Dollars)

17. SHARE PURCHASE WARRANTS (cont'd)

	December 4, 2020 (PP)	January 21, 2021 (PP)	February 18, 2021 (PP)	February 18, 2021 (finders)
Share Price	$0.170	$0.120	$0.130	$0.130
Risk-free interest rate	0.43%	0.36%	0.47%	0.21%
Expected life of warrants	5 years	5 years	5 years	2 years
Percentage of warrants (PP)	47.99%	47.48%	48.33%	N/A
Volatility	161%	159%	159%	143%
Dividend rate	0.0%	0.0%	0.0%	0.0%
Forfeiture rate	0.0%	0.0%	0.0%	0.0%
Fair value per warrant	$0.0600	$0.0593	$0.0435	$0.1585

18. CONTRIBUTED SURPLUS

Contributed surplus consists of the fair value of stock options granted and broker warrants expired less the fair value of options exercised. The following summarizes the changes in contributed surplus.

	March 31, 2021	December 31, 2020
Balance, beginning of period	**$ 3,019,784**	$ 1,489,906
Share-based payments	**314,310**	1,625,727
Broker warrants expired	**159**	-
Stock options exercised	**(212,561)**	(95,849)
Balance, end of period	**$ 3,121,692**	$ 3,019,784

19. EXPLORATION AND EVALUATION EXPENSES

Properties	**March 31, 2021**	March 31, 2020
Holmes Property [(a)]	**$ 7,596**	$ 8,070
Winston Property [(b)]	**2,656,210**	1,209,064
Paradine Mill [(c)]	**473,114**	-
Hard Cash Property [(d)]	**1,271**	-
	$ 3,138,191	$ 1,217,134

19. EXPLORATION AND EVALUATION EXPENSES (cont'd)

(a) Holmes Property:

On May 14, 2014, the Company entered into a five-year Mining Lease Agreement ("H Lease") with Marcus P. Holmes ("Holmes"), an arm's length party, whereby Holmes leased five (5) unpatented mining claims located in Broadwater County, Montana, USA to the Company for exploration. Per the terms of the agreement, the Company will keep the minerals extracted except oil and gas. To explore the property, the Company paid Holmes an advance royalty payment of $11,191 (USD 10,000) and issued 1,000,000 common shares valued at $100,000.

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of USD 1,000 monthly from June 2014 to May 2019 [Paid - $77,548 (USD 60,000)]. The H Lease is renewable for additional 5 year terms at USD 20,000 per renewal [paid $26,754 (USD 20,000)] with an advanced royalty payment of USD 2,000 monthly from June 2019 to June 2024 [Paid $60,882 (USD 46,000) to March 31, 2021].

The Company will pay Holmes a production royalty of 2% of Net Smelter Returns (NSR). Advance royalty payments are credited towards the 2% NSR payable on production. The Company has the option to purchase the 2% NSR from Holmes for a payment of USD 2,500,000.

The Company has the option to terminate the H Lease at any time by providing 30 days written notice to Holmes.

(b) Winston Property:

On July 15, 2014, the Company entered into a five-year Mining Lease Agreement ("W Lease") with Winston Realty L.L.C. ("Winston", a limited liability company), an arm's length party, whereby Winston leased sixteen (16) patented lode mining claims located in Broadwater County, Montana U.S.A. to the Company for exploration. Per the terms of the agreement, the Company will keep the minerals extracted except oil and gas. To explore the property the Company paid Winston an advance royalty payment of $10,729 (USD 10,000) and issued 2,000,000 common shares in the Company valued at $200,000.

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of USD 1,000 monthly from August to October 2014 [Paid $3,300 (USD 3,000)] and USD 2,500 monthly from November 2014 to July 2019 [Paid $188,643 (USD 142,500)] based on minimum quarterly expenditures on the property of USD 50,000 or USD 200,000 annually [Paid $15,604,531 (USD 12,087,510) to March 31, 2021].

The W Lease is renewable for additional 5 year terms at USD 20,000 per renewal [Paid $26,408 (USD 20,000)] with an advanced royalty payment of USD 5,000 monthly from August 2019 to August 2024 [Paid $139,966 (USD 105,000)] to March 31, 2021.

On May 18, 2016, the Company amended the W Lease. The amendment extends the W Lease for an additional 10 years until July 15, 2034 with USD 20,000 due at the end of each 5 year period and the continuation of advanced royalty payments of USD 5,000 monthly. For consideration of 1,500,000 common shares in the Company valued at $150,000, the amendment superseded the number of contiguous patented lode mining claims to thirteen (13) and the Company acquired the option to purchase the thirteen (13) Leased claims and the subsurface rights in the Leased property as well as 100 acres of the Company's choice out of 400 acres of land held by Winston for a purchase price of USD 2,000,000.

19. EXPLORATION AND EVALUATION EXPENSES (cont'd)

(b) Winston Property (cont'd):

Winston has the right to buy back all rights and terminate the W Lease for USD 1 where there is a cessation of all mining, mineral exploration and mineral processing activities for a period of five (5) consecutive years.

The Company will pay Winston a production royalty of 3% NSR if the price of gold is USD 2,000 or less and 4% NSR if the price of gold exceeds USD 2,000. Advance royalty payments are credited towards the 3% or 4% NSR payable on production.

The Company has the option to terminate the W Lease at any time by providing 30 days written notice to Winston.

(c) Paradine Mill

On February 12, 2020, the Company entered into a five-year Mill Lease Agreement ("M-Lease") with Paradine LLC ("Paradine", a limited liability company), an arm's length party, whereby the Company leased the Paradine Mill, located in Broadwater County, Montana. In addition to assuming payment obligations of mill repairs, property and liability insurance and governmental taxes, levies and fees, the Company will pay monthly base rent of USD 20,000. In addition to base rent, the Company shall pay a milling fee calculated by multiplying the number of short dry tons of ore processed during the month by the "Applicable Rate" for that month. The Applicable Rate shall be an amount equal to the Average Gold Price as shown on Kitco.com multiplied by .008. The applicable Rate shall not exceed USD 14.40 per short dry ton and shall not be less than USD 11.20 per short dry ton. The Company has the option to purchase the Mill on the last day of the term of the M-Lease. The monthly lease payments began March 1, 2020. Included in Mill expenses is $53,216 (USD 42,035) (December 31, 2020 $188,924 (USD 140,115)) in amortization of right of use asset and $34,631 (USD 27,355) (December 31, 2020 $134,249 (USD 99,566)) in interest on lease liability (Note 9).

(d) Hard Cash Property:

Jointly, with Bond Resources Inc., a company having a director in common with the Company, entered into a Lease Agreement ("HC Lease"), including an option to purchase, with Montana Reclaim LLC (Lessor) over the Hard Cash property. The Hard Cash property consists of nine (9) patented claims covering 166 acres west of Radersburg, Montana, approximately 3 km from the Paradine mill. The Company and Bond are equal partners in the project and will each be responsible for 50% of expenditures. The HC Lease initial term is five (5) years commencing on the date of execution and is renewable for three (3) additional five (5) year terms. Consideration payable to the Lessor consists of an initial cash payment of USD 2,000, shared with Bond; shared monthly payments with Bond of USD 1,500; annual payments by each of Bond and the Company of USD 25,000 payable in shares of Bond and the Company respectively; and USD 25,000, shared with Bond, upon the expiry of each five year term. In addition to the lease payments, by the end of each calendar year commencing in 2021, Bond and the Company must make minimum shared annual expenditures on the property of USD 75,000. The HC Lease includes the option to purchase the Property at any time for USD 1,500,000, plus a 3.0% net smelter returns royalty with increases to 4.0% should the price of gold exceed USD 2,000 per ounce. The Company, jointly with Bond, has the option to terminate the HC Lease at any time by providing 90 days written notice to the Lessor.

20. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business. Related party transactions have been listed below, unless they have been disclosed elsewhere in the unaudited condensed interim consolidated financial statements. During the period ended March 31, 2021, the Company incurred the following charges with related parties that include officers, directors or companies with common directors of the Company:

Included in due to directors is $44,256 (December 31, 2020 - $184,392) non-interest bearing amounts along with $138,958 (USD 110,504) (December 31, 2020 - $138,465 (USD 108,754)) that bear a 10% annual simple interest. (See Note 10 for amounts due to directors).

Included in due to director-long term is $377,250 (USD 300,000) (December 31, 2020 - $381,960 (USD 300,000)) that bear a 10% annual simple interest. (See Note 12 for long term amounts due to directors).

Included in accounts receivable is $1,257 (USD $1,000) (2020 $58,586 (USD 46,015))) due from a company having a director in common with the Company. Also included in accounts receivable is $13,543 (2020 - $27,086) due from companies having a director in common with the Company.

During the year ended December 31, 2020, the Company spent $137,323 (USD 103,273) and recovered $200,710 (USD 153,405) regarding exploration and evaluation expenditures on behalf of a company having a director in common with the Company. The amount recovered included use of equipment owned by and administration and assay services provided by the Company.

During the period ended March 31, 2021, management fees to directors were $120,000 (2020 - $60,000) and unsecured loan interest to a director was $2,201 (USD 1,750) (2020 - $11,349 (USD 8,000)).

During the period ended March 31, 2021, the Company paid $15,000 (2020 - $Nil) in administration fees to a director.

During the period ended March 31, 2021 the Company granted 1,000,000 stock options to a director of the Company resulting in share-based payments of $110,842.

During the period ended March 31, 2020, the Company did not grant stock options to officers and directors of the Company.

During the year ended December 31, 2020, the Company granted 5,500,000 stock options to directors and officers of the Company resulting in share-based payments of $704,577.

21. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes items in shareholders' equity (deficiency) in the definition of capital.

21. CAPITAL RISK MANAGEMENT (cont'd)

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company will attempt to raise additional funds through the issuance of equity, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2021.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks by virtue of its activities. In particular: market risk (composed of currency risk), liquidity risk, fair value risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies reviewed by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

a) Market risk:

Currency risk:

Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

The Company is exposed to currency risk through the following financial assets and liabilities denoted in United States dollars:

	March 31 2021	December 31, 2020
	$	$
Cash	**159,435**	1,029,236
Accounts receivable	**1,000**	53,170
Deposits	**35,000**	35,000
Accounts payable and accrued liabilities	**84,576**	217,386
Debenture interest payable	**14,688**	8,648
Debenture principal	**968,721**	1,018,250
Due to directors	**110,504**	108,754
Long term loan payable to director	**300,000**	300,000
Lease liability	**707,612**	740,258

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

a) Market risk (cont'd)

Currency risk (cont'd):

The above balances were translated into US dollars at the period-end rate of $1.2575 (December 31, 2020 - $1.2732) Canadian dollars to every US dollar.

Based on the above net exposures as at March 31, 2021, assuming that all other variables remain constant, a +/- 5% change in the Canadian dollar against the United States dollar would result in an increase/decrease in net loss of approximately $125,000 (December 31, 2020 - $81,000).

b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at March 31, 2021, the Company had working capital deficiency of $972,111 (December 31, 2020 – deficiency of $376,550). As at March 31, 2021, the Company had cash of $755,426 (December 31, 2020 - $1,694,849) to settle current liabilities of $1,831,005 (December 31, 2020 - $2,245,207) that are considered short term and expected to be settled within 30 to 90 days.

As a result, the Company has liquidity risk at this time and is dependent on raising funds from external sources. Since the Company does yet earn revenue, it will be required to raise additional capital to fund exploration and operations.

c) Fair value risk:

Fair value represents the amounts at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods.

The carrying values of cash, accounts receivable, reclamation bonds, accounts payable and accrued liabilities, interest payable, debentures payable and due to directors approximate fair values due to the relatively short term maturities of these instruments. The fair value of the Company's debenture embedded derivative liability is indexed to the gold spot price at the end of each reporting period.

d) Credit risk:

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash, and reclamation bonds. The Company reduces its credit risk by maintaining its primary bank accounts at large financial institutions and its reclamation bonds with government agencies.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

e) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash, director loans and debentures payable; therefore, its exposure to interest rate risks is insignificant. The Company's director loans and debentures payable bear a fixed interest rate.

23. FAIR VALUE HIERARCHY

Financial assets and liabilities measured at fair value are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

Level 1- Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Values based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Values based on prices or valuation techniques that are not based on observable market data.

Cash and marketable securities are measured at Level 1 of the fair value hierarchy. The fair value of accounts payable and accrued liabilities, due to director(s), debenture interest payable, and debentures payable approximates fair value due to the short term nature of the financial instruments. The Company classified its receivables as amortized cost. Accounts payable and accrued liabilities, due to director(s), debenture interest payable, and debentures payable are classified and measured at amortized cost. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

24. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Company completed the following transactions:

a) Repaid director loans in the amount of $45,513.

b) Received $387,500 pursuant to 3,875,000 warrants exercised.

c) Received $50,000 pursuant to 1,000,000 stock options exercised.

d) Increased accounts receivable by $1,851 (USD 1,500) due from a company with a director in common with the Company.