

BLACK TUSK RESOURCES INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2020
AND OCTOBER 31, 2019
(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

BLACK TUSK RESOURCES INC.**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**(Expressed in Canadian Dollars)

	October 31, 2020 (Unaudited)	April 30, 2020 (Audited)
ASSETS		
Current		
Cash	\$ 2,439,566	\$ 159,892
Amounts receivables	91,241	46,001
Prepaid expenses	80,471	107,954
	2,611,278	313,847
Exploration and evaluation assets (Note 5)	1,707,880	1,573,025
	\$ 4,319,158	\$ 1,886,872
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 92,569	\$ 110,103
Deferred flow through liabilities	154,052	154,052
	246,621	264,155
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	8,975,142	5,338,580
Subscription receivable	283,958	–
Reserves	665,413	579,418
Deficit	(5,851,976)	(4,295,281)
	4,072,537	1,622,717
	\$ 4,319,158	\$ 1,886,872

NATURE OF CONTINUANCE OF
OPERATIONS (Note 1)Approved and authorized for issue on behalf
of the board on December 21, 2020:

“Richard Penn” Director

“Roman Rubin” Director

BLACK TUSK RESOURCES INC.**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

UNAUDITED

	Three months ended October 31, <u>2020</u>	Three months ended October 31, <u>2019</u>	Six months ended October 31, <u>2020</u>	Six month ended October 31, <u>2019</u>
EXPENSES				
Consulting fees	\$ 700,895	\$ 274,699	\$ 997,130	\$ 763,342
Investor Communication	55,349	110,286	86,098	267,478
Management fees	82,000	65,000	148,000	140,000
Office and miscellaneous	412	229	7,371	3,907
Professional fees	47,521	102,508	88,317	123,301
Stock based compensation	—	—	85,995	18,896
Transfer agent and filing fees	8,582	8,922	12,821	26,289
Travel and promotion	106,595	36,645	130,963	57,211
Net loss and comprehensive loss, end of period	\$ 1,001,354	\$ 598,289	\$ 1,556,695	\$ 1,400,424
Loss per share (basic and diluted)	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.05)
Weighted average number of common share outstanding	93,575,862	28,167,069	93,575,863	28,167,069

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

BLACK TUSK RESOURCES INC.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

UNAUDITED

	Number of Shares	Amount \$	Share Subscription \$	Reserves \$	Deficit \$	Total \$
Balances, April 30, 2019	19,326,309	1,809,324	336,559	237,863	(1,688,104)	695,642
Issued for cash	10,976,693	1,623,289	(336,559)	(590)	–	1,286,140
Issued for services	1,708,489	136,679	–	–	–	136,679
Share subscription	–	–	316,118	–	–	316,118
Stock based compensation	–	–	–	18,896	–	18,896
Comprehensive loss for the period	–	–	–	–	(1,400,424)	(1,400,424)
Balance October 31, 2019	32,011,491	3,569,292	316,118	256,169	(3,088,528)	1,053,051
Balance, April 30, 2020	68,154,955	5,338,580	–	579,418	(4,295,281)	1,622,717
Issued for cash	64,970,501	3,508,010	–	–	–	3,508,010
Issued for services	2,318,015	128,552	–	–	–	128,552
Share subscriptions	–	–	283,958	–	–	283,958
Stock based compensation	–	–	–	85,995	–	85,995
Comprehensive loss for for the period	–	–	–	–	(1,556,695)	(1,556,695)
Balance, October 31, 2020	135,443,471	8,975,142	283,958	665,413	(5,851,976)	4,072,537

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

BLACK TUSK RESOURCES INC.**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

UNAUDITED

	Three months ended October 31, <u>2020</u>	Three months ended October 31, <u>2019</u>	Six months ended October 31, <u>2020</u>	Six month ended October 31, <u>2019</u>
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (1,001,354)	\$ (598,289)	\$(1,556,695)	\$(1,400,424)
Items not involving cash:				
Stock - based payments	—	—	85,995	18,896
	(1,001,354)	(598,289)	(1,470,700)	(1,381,528)
Changes in non-cash working capital balances:				
Other receivable	340,247	(7,123)	(45,240)	(7,493)
Prepaid expenses	13,013	223,949	27,483	44,803
Accounts payable and accrued liabilities	(144,726)	77,470	(17,534)	(77,606)
Cash used in operating activities	(792,820)	(303,993)	(1,505,991)	(1,421,824)
INVESTING ACTIVITY				
Mineral property acquisition and exploration costs	(25,713)	(147,537)	(134,855)	(237,589)
Cash used in investing activity	(25,713)	(147,537)	(134,855)	(237,589)
FINANCING ACTIVITIES				
Share subscription	238,958	316,118	283,958	(20,411)
Shares issued for cash	2,146,061	286,678	3,636,562	1,759,347
Cash used in by financing activity	2,385,019	602,796	3,920,520	1,738,936
INCREASE IN CASH DURING THE PERIOD	1,566,486	151,266	2,279,674	79,523
CASH, BEGINNING OF PERIOD	873,080	178,466	159,892	250,209
CASH, END OF PERIOD	\$ 2,439,566	\$ 329,732	\$ 2,439,566	\$ 329,732
SUPPLEMENTAL DISCLOSURES				
Interest paid	\$ —	\$ —	\$ —	\$ —
Income taxes paid	\$ —	\$ —	\$ —	\$ —
Shares issued for and evaluation and exploration costs	\$ —	\$ —	\$ —	\$ —
Shares issued for services	\$ 128,552	\$ 136,679	\$ 128,552	\$ 136,679

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

1. NATURE OF OPERATIONS

Black Tusk Resources Inc. ("the Company") was incorporated on November 18, 2016 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-666 Burrard Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at October 31, 2020, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of \$5,851,976 as at October 31, 2020, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give affect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended April 30, 2020.

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on December 21, 2020.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and estimates of amounts reported in the Company's April 30, 2020 annual financial statements.

4. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Company adopted the following new standard effective May 1, 2019:

IFRS 16 Leases

IFRS 16 replaces IAS 17, "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15, "Revenue from Contracts with Customers".

The adoption of IFRS 16 did not have a material impact on the Company's future results and financial position.

5. EXPLORATION AND EVALUATION ASSET

	Acquisition costs	Exploration costs	Total
	\$	\$	\$
Balance, April 30, 2018	45,000	87,990	132,990
Additions	195,000	37,259	232,259
Balance, April 30, 2019	240,000	125,249	365,249
Additions	1,067,500	319,048	1,386,548
Write-off of mineral property	(65,000)	(113,772)	(178,772)
Balance, April 30, 2020	1,242,500	330,525	1,573,025
Additions	-	134,855	134,855
Balance, October 31, 2020	1,242,500	465,380	1,707,880

5. EXPLORATION AND EVALUATION ASSETS *(continued)*

Goldsmith Property

On November 30, 2016, the Company entered into an option agreement to purchase certain claims in the Goldsmith Property. In order to exercise its option, the Company must make cash payments of \$100,000 as follows:

- \$5,000 upon execution of the agreement; (paid)
- an additional \$7,000 on the Initial Public Offering of the Company; (paid)
- an additional \$13,000 on or before November 30, 2017; (paid)
- an additional \$20,000 on or before November 30, 2018; (paid)
- an additional \$25,000 on or before November 30, 2019; and
- an additional \$30,000 on or before November 30, 2020.

The Company must also issue 400,000 common shares as follows:

- 200,000 common shares on the Initial Public Offering of the Company; (issued) and
- an additional 200,000 common shares on or before November 30, 2020.

The Company must make all government payments in order to maintain the mineral claims in good standing. The Optionors retain a 2% net smelter royalty ("NSR") on the Goldsmith Property. The Company may purchase the first 1% of the NSR by paying the Optionors \$500,000. The Company has incurred the following costs as at April 30, 2020 and 2019:

	Goldsmith Property
	\$
Balance, April 30, 2018	132,990
Acquisition Costs	
Cash	20,000
Deferred Exploration Costs	
Exploration costs	37,259
Balance, April 30, 2019	190,249
Deferred Exploration Costs	
Recovery of exploration costs	(11,477)
Write-off	(178,772)
Balance, April 30, 2020 and October 31, 2020	-

During the year ended April 30, 2020, the Company decided not to proceed with the Goldsmith Property option and recorded an impairment of \$178,772 to write off all the accumulated costs.

Cluster Project

On February 5, 2019, the Company entered into a mineral claim purchase agreement to purchase 100% interest in the mineral property called the Cluster Project, located in Val-D'Or, Quebec. In consideration for the Cluster Project, the Company made cash payment of \$25,000 and issued 1,000,000 common shares to the vendor during the year ended April 30, 2019.

BLACK TUSK RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

UNAUDITED

5. EXPLORATION AND EVALUATION ASSETS *(continued)*

As at October 31, 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at October 31, 2020:

	Cluster Project
	\$
Balance, April 30, 2019	-
Acquisition Costs	
Cash	25,000
1,000,000 shares issued at \$0.15 per share	150,000
Balance, April 30, 2020 and October 31, 2020	175,000
Deferred Exploration Costs	
Balance, April 30, 2020	330,525
Exploration Costs	134,855
Total deferred exploration	465,380
Balance, October 31, 2020	640,380

McKenzie East Project

On November 12, 2019, the Company entered into a share purchase agreement to purchase 100% of the outstanding shares of Golda Resources Inc (“Golda”). At the time of acquisition, Golda held a 100% interest in the mineral property called the McKenzie East Project, located in Quebec. In consideration for the mineral property, the Company issued 5,500,000 common shares to the owners of Golda and paid \$15,000 cash to a third party consultant.

BLACK TUSK RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

UNAUDITED

5. EXPLORATION AND EVALUATION ASSETS *(continued)*

As at October 31, 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at October 31, 2020:

McKenzie East Project	
	\$
Balance, April 30, 2019	-
Acquisition Costs	
Cash	15,000
5,500,000 shares issued at \$0.055 per share	302,500
Balance, April 30, 2020 and October 31, 2020	317,500
Deferred Exploration Costs	
Exploration costs	-
Total Deferred Exploration Costs	-
Balance, April 30, 2020 and October 31, 2020	317,500

South Rim Project

On January 13, 2020, the Company entered into a share purchase agreement to purchase 100% of the shares of Chalice Gold Exploration Corp. ("Chalice"). At the time of acquisition, Chalice held a 100% interest in the mineral property called the South Rim Project, located in British Columbia. In consideration for the mineral property, the Company issued 10,000,000 common shares to the owners of Chalice.

As at October 31, 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at October 31, 2020:

South Rim Project	
	\$
Balance, April 30, 2019	-
Acquisition Costs	
10,000,000 shares issued at \$0.075 per share	750,000
Balance, April 30, 2020 and October 31, 2020	750,000
Deferred Exploration Costs	
Exploration costs	-
Total Deferred Exploration Costs	-
Balance, April 30, 2020 and October 31, 2020	750,000

5. EXPLORATION AND EVALUATION ASSETS *(continued)*

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At October 31, 2020, there were 760,009 common shares held in escrow.

c) Issued and Outstanding:

As at October 31, 2020 there were 135,443,471 common shares issued and outstanding.

During the period ended October 31, 2020, the Company had the following share capital transactions:

- (i) The Company issued 1,654,000 common shares at a price of \$0.05 per share for services.
- (ii) The Company issued 484,615 common shares at a price of \$0.065 per share for services.
- (iii) The company issued 4,000,000 common shares at a price of \$0.06 per share pursuant to the exercise of warrants for gross proceeds of \$240,000.
- (iv) The Company issued 2,500,000 common shares at a price of \$0.06 per share for gross proceeds of \$150,000.
- (v) The Company issued 12,688,000 common flow-through shares at a price of \$0.08 per share for gross proceeds of \$1,015,040.
- (vi) The Company issued 179,400 common shares at a price of \$0.08 per share for services.
- (vii) The Company issued 3,077,000 shares at a price of \$0.065 per share for gross proceeds of \$200,005.
- (viii) The Company issued 2,200,000 shares pursuant to the exercise of stock options for gross proceeds of \$110,000.

6. SHARE CAPITAL

d) Issued and Outstanding:continued

- (ix) The Company issued 200,000 shares pursuant to the exercise of warrants for gross proceeds of \$12,000.
- (x) The Company issued 2,550,000 flow-through shares at a price of \$0.08 per share for gross proceeds of \$204,000.
- (xi) The Company issued 28,134,073 shares at a price of \$0.053 per share for gross proceeds of \$1,491,106.
- (xii) The Company issued 9,621,420 shares at a price of \$0.07 per share for gross proceeds of \$673,500.

e) Stock options

During the year ended April 30, 2018, the Company adopted a Stock Option Plan (the "Plan"). Under the Plan, the Company can issue up to 10% of the issued and outstanding common shares as incentive stock options to directors, officers, employees and consultants to the Company. The Plan limits the number of stock options which may be granted to any one individual to not more than 5% of the total issued common shares of the Company in any 12 month period. The Plan also limits the stock options which may be granted to any one individual if the exercise would result in the issuance of common shares more than 2% in any 12 month period. The number of options granted to any one consultant or a person employed to provide investor relations activities

In any 12 month period must not exceed 2% of the total issued common shares of the Company. As well, stock options granted under the Plan may be subject to vesting provisions as determined by the Board of Directors.

During the period ended October 31, 2020, The Company granted 2,100,000 stock option to a directors, employees and a consultant of the Company. The option are exercised at \$0.07 per share for a period of 2 years.

BLACK TUSK RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

UNAUDITED

6. SHARE CAPITAL (continued)

e) Stock options (continued)

As at October 31, 2018, the Company had options outstanding enabling holders to acquire the following:

	Options Outstanding	Weighted Average Exercise Price
		\$
Balance, April 30, 2020	7,212,156	0.15
Options granted	2,100,000	0.07
Options exercised	(2,200,000)	0.05
Options expired	-	-
Outstanding and Exercisable, October 31, 2020	7,112,156	0.08

Details of stock options outstanding at October 31, 2020 are as follows:

Number of Stock Options	Exercise Price (\$)	Remaining Contractual Life (years)	Expiry Date
300,000	0.21	0.02	November 7, 2020
200,000	0.16	0.54	May 14, 2021
700,000	0.14	0.64	July 4, 2021
179,156	0.14	0.68	July 31, 2021
733,000	0.05	1.11	December 10, 2021
500,000	0.75	1.31	February 18, 2022
2,000,000	0.05	1.40	March 24, 2022
400,000	0.05	1.48	April 21, 2022
2,100,000	0.07	1.74	July 24, 2022

The following assumptions were used for the Black-Scholes valuation of options issued:

	2020
Share price	\$0.07
Risk – free interest rate	0.27%
Expected life of warrants	2 years
Dividend rate	0%
Annualized volatility	115%

BLACK TUSK RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

UNAUDITED

6. SHARE CAPITAL (continued)

f) Warrants

A Summary of the Company's share purchase warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, April 30, 2020	21,350,218	\$ 0.26
Issued	51,004,245	0.08
Exercised	(4,200,000)	(0.06)
Expired	(2,886,800)	—
Outstanding and exercisable, October 31, 2020	65,267,663	0.10

A summary of warrants outstanding at October 31, 2020 is as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants issued and exercisable
December 28, 2020	0.16	\$0.30	549,000
May 2, 2021	0.51	\$0.25	3,352,332
June 3, 2021	0.59	\$0.25	2,983,400
June 13, 2021	0.62	\$0.25	844,600
July 9, 2021	0.69	\$0.25	1,031,575
September 20, 2021	0.89	\$0.20	644,445
November 1, 2021	1.01	\$0.06	2,580,000
December 10, 2021	1.11	\$0.10	346,666
December 19, 2021	1.14	\$0.10	1,698,000
December 30, 2021	1.17	\$0.10	433,400
June 15, 2022	1.62	\$0.06	2,300,000
July 15, 2022	1.70	\$0.08	5,005,400
August 5, 2025	4.76	\$0.065	3,089,000
September 22, 2025	4.90	\$0.08	30,788,450
September 22, 2025	4.90	\$0.07	9,621,428
			65,267,663

BLACK TUSK RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

UNAUDITED

7. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	October 31, 2020	April 30, 2020
	\$	\$
Accounts payable and accrued liabilities	26,009	8,574

The amounts are due to a company controlled by the Chief Executive Officer ("CEO") of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions for the three month period ended:

	October 31, 2020	October 31, 2019
	\$	\$
Management fees	148,000	140,000
Geological fees	12,203	20,274

Key management includes directors and key officers of the Company, including the President, CEO and Chief Financial Officer. Management fees were provided by a company owned or controlled by the CEO.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. 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 or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

BLACK TUSK RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

UNAUDITED

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at October 31, 2020 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	2,439,566	–	–	2,439,566

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at October 31, 2020 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

10. COMMITMENT

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 5.

11. SUBSEQUENT EVENTS

Subsequent to October 31, 2020 the Company issued 6,875,000 units. Each unit consisted of one common shares issued at \$0.08 per share and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of 5 year at \$0.08 per share.

Subsequent to October 31, 2020 the Company issued 3,106,025 shares at a price of \$0.05 for services.

Subsequent to October 31, 2020, 300,000 stock options expired.