



**LEOCOR GOLD INC.**  
**(formerly Leocor Ventures Inc.)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED JANUARY 31, 2021 AND 2020**

Expressed in Canadian Dollars

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited 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 interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim consolidated financial statements by an entity's auditor.

**LEOCOR GOLD INC.**  
**(formerly Leocor Ventures Inc.)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**Expressed in Canadian Dollars**

	January 31, 2021	October 31, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 2,069,679	\$ 2,164,776
Receivable	6,253	2,193
Prepaid expenses	23,876	11,017
	2,099,808	2,177,986
Exploration and evaluation assets (note 4)	367,935	256,167
	<b>\$ 2,467,743</b>	<b>\$ 2,434,153</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 56,921	\$ 55,689
<b>Equity</b>		
Share capital (note 5)	5,519,280	3,077,613
Share-based payment reserve	534,953	534,953
Deficit	(3,643,411)	(1,234,102)
	2,410,822	2,378,464
	<b>\$ 2,467,743</b>	<b>\$ 2,434,153</b>

Nature and continuance of operations (note 1)  
 Commitments (note 8)

Approved and authorized for issue on behalf of the Board on March 26, 2021:

Ob behalf of the Board:  
"Alex Klenman"  
 Director

"Alexander Stares"  
 Director

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

**LEOCOR GOLD INC.**  
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**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**Expressed in Canadian Dollars**

	<b>Three months ended January 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>EXPENSES</b>		
Audit fee	\$ 4,600	\$ 2,500
Consulting	15,000	-
Filing fee	16,332	1,950
Foreign exchange	230	-
Investor relations	5,548	-
Legal fees	23,887	1,629
Marketing	-	3,763
Office and administration	17,676	15,039
Operating expenses	\$ 83,273	\$ 24,881
Loss on acquisition of subsidiary	2,326,036	-
<b>Net loss</b>	<b>2,409,309</b>	<b>24,881</b>
Basic and diluted loss per share	\$ 0.12	\$ 0.001
Weighted average number of common shares outstanding	19,751,631	18,000,000

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**LEOCOR GOLD INC.**  
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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
Expressed in Canadian Dollars

	Number of common shares	Share capital	Share-based payment reserve	Deficit	Total equity
<b>Balance, October 31, 2019</b>	<b>18,000,000</b>	<b>\$ 729,790</b>	<b>\$ 22,706</b>	<b>\$ (197,754)</b>	<b>\$ 554,742</b>
Comprehensive loss for the period	-	-	-	(24,881)	(24,881)
<b>Balance, January 31, 2020</b>	<b>18,000,000</b>	<b>\$ 729,790</b>	<b>\$ 22,706</b>	<b>\$ (222,635)</b>	<b>\$ 529,861</b>
<b>Balance, October 31, 2020</b>	<b>24,284,614</b>	<b>\$ 3,077,613</b>	<b>\$ 534,953</b>	<b>\$ (1,234,102)</b>	<b>\$ 2,378,464</b>
Shares issued for acquisition of subsidiary	4,750,001	2,375,000	-	-	2,375,000
Shares issued for exploration and evaluation assets (notes 4 and 5)	133,333	66,667	-	-	66,667
Comprehensive loss for the period	-	-	-	(2,409,309)	(2,409,309)
<b>Balance, January 31, 2021</b>	<b>29,167,948</b>	<b>\$ 5,519,280</b>	<b>\$ 534,953</b>	<b>\$ (3,643,411)</b>	<b>\$ 2,410,822</b>

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**LEOCOR GOLD INC.**  
**(formerly Leocor Ventures Inc.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Expressed in Canadian Dollars**

	<b>Three months ended January 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (2,409,309)	\$ (24,881)
Adjustments for non-cash items		
Loss on acquisition of subsidiary	2,375,000	-
Changes in working capital		
Prepaid expenses	(12,859)	(1,180)
Receivable	(4,060)	(641)
Accounts payable and accrued liabilities	1,232	5,780
	(49,996)	\$ (20,922)
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	\$ (45,101)	\$ (25,000)
	(45,101)	(25,000)
<b>Increase (decrease) in cash</b>	(95,097)	(45,922)
Cash, beginning	2,164,776	474,151
Cash, ending	\$ 2,069,679	\$ 428,229

**SUPPLEMENTAL CASH DISCLOSURES AND NON-CASH TRANSACTIONS**

Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Shares issued for acquisition of subsidiary (note 5)	\$ 2,375,000	\$ -

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

**LEOCOR GOLD INC.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three months ended January 31, 2021 and 2020**  
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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Leocor Gold Inc. (formerly Leocor Ventures Inc.) (the “Company”) was incorporated under the *British Columbia Business Corporations Act* on July 26, 2018. The Company’s registered and records office is located on the 10<sup>th</sup> Floor, 595 Howe Street, Vancouver BC.

During the year ended October 31, 2019 the Company completed the Initial Public Offering (“IPO”) and its shares were listed on the Canadian Securities Exchange on June 18, 2019 and commenced trading on June 21, 2019 under the symbol “LECR”. The Company is in the exploration stage and its principal business activity is the search for, and exploration of mineral properties. On July 28, 2020, the Company changed its name to Leocor Gold Inc.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. At January 31, 2021 the Company has not generated revenue or cash flow from operations to adequately fund its activities and has therefore relied upon external financing for its operational expenses. These factors form a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company plans to continue relying upon external financing to finance its future activities but there can be no assurance that such financing will be available on a timely basis and/or on terms acceptable to the Company.

In early March 2020, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. The Company’s exploration activities in Canada have not been significantly affected by the pandemic to date. If the Company becomes unable to conduct future exploration activities over the long-term in the future, this may result in a potential material impairment of exploration and evaluation assets. The Company continues to monitor and assess the impact of COVID-19 on its business activities. Currently the potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

These factors, among others, could have a significant impact on the Company’s operations.

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**1. NATURE AND CONTINUANCE OF OPERATIONS (continued)**

The carrying value of the Company's exploration and evaluation assets do not reflect current or future values. The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

These financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's recoverability of assets, classification of assets and liabilities, and results of operations and the Company's ability to continue as a going concern.

During the three months ended January 31, 2021, the Company entered into a share exchange agreement with Hare Bay Resources Corp. ("Hare Bay") to acquire 100% of the issued and outstanding shares of Hare Bay. The exchange ratio was completed on a one-to-one basis by which Hare Bay shareholders received one common share of the Company for every Hare Bay share. On December 19, 2020, the Company issued 4,750,001 common shares in connection with the share exchange agreement and 133,333 common shares in connection with the Star Trek mineral property option agreement signed by Hare Bay.

**2. BASIS OF PREPARATION**

(a) Statement of compliance

The condensed interim financial statements for the three months ended January 31, 2021 were prepared in accordance with the International Financial Reporting Standards ("IFRS") in effect at January 31, 2021, issued by the International Accounting Standard Board ("IASB"). Significant accounting policies are described in the Note 2 of the audited financial statements for the year ended October 31, 2020. Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these financial statements are presented below.

(b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets, financial liabilities and investments to fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

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



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**2. BASIS OF PREPARATION (continued)**

(c) Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Hare Bay (British Columbia). All significant inter-company balances and transactions have been eliminated upon consolidation.

(d) Significant accounting judgements and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and expenses during the reporting period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of the revision and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates made, relate to determination of fair value of financial instruments (see Note 2 in the audited financial statements for the period ended October 31, 2020).

In preparing the financial statements, management makes judgments regarding the application of IFRS for the Company's accounting policies. Significant judgments relate to the following areas:

*(i) Going concern assumption*

Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will achieve profitable operation.

*(ii) Income taxes*

Judgements are made by management at the end of the reporting period to determine the likelihood that deferred income tax assets will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make judgments related to the expectations of future cash flows from operations and the application of existing tax laws.

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**2. BASIS OF PREPARATION (continued)**

While management believes judgements and the estimates are reasonable, actual results could differ from those judgements and estimates and could impact future results of operations and cash flows.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash and accounts payable.

**Fair values**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments and in accordance with the fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and 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). The fair value of cash is determined using level 1 of the fair value hierarchy. The carrying values of accounts payable approximate their fair values due to the expected maturity of these financial instruments.

**Financial instrument risk exposure and risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash. The Company manages credit risk, in respect of cash, by placing its cash with a major Canadian financial institution in accordance with the Company's investment policy.

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is considered minimal.

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

**Financial instrument risk exposure and risk management (continued)**

The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet its commitments. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding from third parties. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and commodity price risk.

i. Interest rate risk

Some of the Company's accounts payable are subject to interest on unpaid balances.

ii. Commodity price risk

Commodity price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company actively monitors commodity price changes and stock market prices to determine the appropriate course of action to be taken by the Company.

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**4. EXPLORATION AND EVALUATION ASSETS**

During the three months ended January 31, 2021 the Company incurred the following exploration and evaluation costs related to the mineral properties:

	Dorset	Copper Creek	Star Trek	Total
<b>Balance, October 31, 2020</b>	<b>\$ 173,185</b>	<b>\$ 82,982</b>	<b>\$ -</b>	<b>\$ 256,167</b>
Additions:				
Acquisition:				
Shares	-	-	66,667	66,667
Total additions to acquisition	\$ -	\$ -	\$ 66,667	\$ 66,667
Exploration:				
Assays	890	10,677	-	11,567
Geological	20,580	-	-	20,580
Field supplies	1,185	-	-	1,185
Field workers	7,860	-	-	7,860
Licenses	400	1,850	-	2,250
Travel	1,659	-	-	1,659
Total additions to exploration	\$ 32,574	\$ 12,527	\$ -	\$ 45,101
Total expense during the period	\$ 32,574	\$ 12,527	\$ 66,667	\$ 111,768
<b>Balance, January 31, 2021</b>	<b>\$ 205,759</b>	<b>\$ 95,509</b>	<b>\$ 66,667</b>	<b>\$ 367,935</b>

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

During the year ended October 31, 2020 the Company incurred the following exploration and evaluation costs related to mineral properties:

	Shotgun	Dorset	Copper Creek	Total
<b>Balance, October 31, 2019</b>	<b>\$ 81,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81,600</b>
Acquisition:				
Shares	-	-	42,500	42,500
Cash	25,000	102,825	28,632	156,457
Total additions to acquisition	\$ 25,000	\$ 102,825	\$ 71,132	\$ 198,957
Exploration:				
Assays	-	9,273	-	9,273
Geological	-	44,200	-	44,200
Field supplies	-	1,280	-	1,280
Field workers	-	9,695	11,850	21,545
Licenses	-	450	-	450
Travel	-	5,462	-	5,462
Total additions exploration	-	\$ 70,360	\$ 11,850	\$ 82,210
Total expense during the period	\$ 25,000	\$ 173,185	\$ 82,982	\$ 281,167
Write down	\$ (106,600)	\$ -	\$ -	\$ (106,600)
<b>Balance, October 31, 2020</b>	<b>\$ -</b>	<b>\$ 173,185</b>	<b>\$ 82,982</b>	<b>\$ 256,167</b>

**Dorset Gold Project**

On April 22, 2020 the Company entered into an options agreement to acquire 100% interest in Dorset Gold Project consisting of two mineral claims located in the Province of Newfoundland and Labrador, Canada. To earn the interest the Company must:

- (a) pay a total of \$1,250,000 cash as follows:
  - i. \$100,000 on the closing date (paid);
  - ii. \$50,000 on or before April 22, 2021;
  - iii. \$100,000 on or before April 22, 2022;
  - iv. \$400,000 on or before April 22, 2023; and
  - v. \$600,000 on or before April 22, 2024.

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

- (b) incur exploration expenditures of no less than \$1,500,000 as follows:
- i. \$150,000 on or before April 22, 2022;
  - ii. \$200,000 on or before April 22, 2023;
  - iii. \$400,000 on or before April 22, 2024; and
  - iv. \$750,000 on or before April 22, 2025.

The property is subject to a 2% Net Smelter Returns Royalty (“NSR”).

**Copper Creek Project**

On August 11, 2020 (amended on January 20, 2021) the Company entered into an options agreement to acquire 100% interest in Copper Creek Project, consisting of fifty-five claims located in the Province of Newfoundland and Labrador, Canada. To earn the interest the Company must:

- (a) pay a total cash of \$250,000 and issue 600,000 shares as follows:
- i. \$25,000 (paid) and issue 50,000 shares (issued) on August 11, 2020;
  - ii. \$25,000 and issue 100,000 shares on or before August 11, 2021;
  - iii. \$40,000 and issue 100,000 shares on or before August 11, 2022;
  - iv. \$60,000 and issue 100,000 shares on or before August 11, 2023; and
  - v. \$100,000 and issue 250,000 shares on or before August 11, 2024.
- (b) incur exploration expenditures of no less than \$1,650,000 as follows:
- i. \$15,000 (incurred) on or before December 31, 2020;
  - ii. \$135,000 on or before August 11, 2021;
  - iii. \$350,000 on or before August 11, 2022;
  - iv. \$500,000 on or before August 11, 2023; and
  - v. \$650,000 on or before August 11, 2024.

Upon earning a 100% interest in the property, the Company shall grant the optionor a Net Smelter Returns Royalty (“NSR”) of 2%.

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Star Trek**

On February 1, 2021, the Company entered into an Option Agreement to acquire a 100% interest in 13 mineral claims comprising approximately 325 Ha located in Newfoundland and Labrador.

In order to exercise the option, Leocor must:

(a) make \$125,000 in cash payments to White Metal over two years, as follows:

- i. \$50,000 on or before October 5, 2021; and
- ii. an additional \$75,000 on or before October 5, 2022;

(b) issue 866,666 Company Shares to White Metal over two years, as follows:

- i. 133,333 within 5 days after closing of the Transaction;
- ii. an additional 300,000 on or before October 5, 2021; and
- iii. an additional 433,333 on or before October 5, 2022; and

(c) incur exploration expenditures of at least \$900,000 over three years, as follows:

- i. \$150,000 on or before October 5, 2021;
- ii. an additional \$250,000 on or before October 5, 2022; and
- iii. an additional \$500,000 on or before October 5, 2023.

Upon exercise of the Option, the Optionor will retain a 2% NSR royalty, provided that Leocor will have the right to purchase from Optionor 50% of the 2% NSR royalty upon payment of the sum of \$1,000,000 to Optionor at any time.

**Shotgun Mineral Property**

On October 9, 2018 the Company entered into an option agreement to acquire a 100% undivided interest in the Shotgun Mineral Property consisting of five mineral claims and located in Lillooet Mining Division, British Columbia, Canada. The agreement was amended on October 25, 2019. To earn the interest the Company must:

(a) Issue a total of 1,200,000 shares and pay \$85,000 in cash as follows:

- i. issue 600,000 shares (issued) and pay \$45,000 (paid) on or before the date the Company becomes a listed issuer;
- ii. pay \$25,000 (paid) on or before December 31, 2019; and
- iii. pay \$15,000 and issue 600,000 shares on or before December 31, 2020.

(b) Spend a total of \$1,200,000 on exploration as follows:

- i. \$150,000 by December 31, 2020;
- ii. \$300,000 between January 1, 2021 and December 31, 2021; and
- iii. \$750,000 between January 1, 2022 and December 31, 2022.

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

Upon earning a 100% interest in the property, the Company shall grant the optionor a net smelter returns Royalty (“NSR”) of 3%. The Property is also subject to the Annual Advance Minimum Royalty payment of \$100,000 beginning on May 31, 2021.

As of October 31, 2020, the Company decided not to pursue the acquisition of the property and subsequent to the year-end terminated the option agreement. An amount of \$106,600 was recognized as an impairment loss for the write-down of exploration and evaluation assets in the statements of loss and comprehensive loss for the year ended October 31, 2020.

**5. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE**

**Share Capital**

(a) Authorized:

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

(b) Escrow Shares:

As at January 31, 2021, 90,000 common shares of the Company were held in escrow.

(c) As at January 31, 2021 29,167,948 common shares were issued and outstanding.

**Shares issued during the three months ended January 31, 2021**

During the three months ended January 31, 2021 the Company entered into a share exchange agreement with Hare Bay Resources Corp. to acquire 100% of the issued and outstanding shares of Hare Bay. The exchange ratio was completed on a one-to-one basis by which Hare Bay received one common share of the Company for every Hare Bay share. On December 19, 2020, the Company issued 4,750,001 common shares in connection with the share exchange agreement and 133,333 common shares in connection with the option agreement assigned by Hare Bay to the Company related to Star Trek mineral property.

**Shares issued during the year ended October 31, 2020**

On August 11, 2020 50,000 common shares were issued as a payment for the Copper Creek mineral property (Note 4).

On August 7, 2020 the Company closed a non-brokered private placement of 6,000,000 units at a price of \$0.40 per unit for gross proceeds of \$2,400,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one additional common share at a price of \$0.50 per share for a period of 24 months.



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**5. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)**

The shares were subject to a 4 month hold period that expired on December 8, 2020. The Company paid finders' fees in the amount of \$48,020 and granted 120,500 finders' warrants exercisable at a price of \$0.50 for a period of 24 months. Finder warrants were valued at \$81,112.

During the year ended October 31, 2020 234,614 shares were issued on exercise of warrants for gross proceeds of \$23,461.

**Warrants**

During the year ended October 31, 2020 the Company issued 6,000,000 warrants with units in the private placement (Note 5). No value was allocated to these warrants under the residual method of accounting for units.

120,500 warrants exercisable at a price of \$0.50 for a period of 24 months were issued to finders as share issuance costs. The fair value of the warrants of \$81,112 was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.85; exercise price – \$0.50; expected life – two years; volatility – 155%; dividend yield – \$nil; and risk-free rate – 0.26%.

During the year ended October 31, 2020 234,614 warrants were exercised at \$0.10 per warrants. Fair value of the warrants of \$12,150 was deducted from share-based payment reserve.

A summary of changes in warrants during the year ended January 31, 2021:

	Number of warrants outstanding	Exercise price
<b>Balance, October 31, 2019</b>	<b>438,000</b>	<b>\$ 0.10</b>
Granted	6,120,050	\$ 0.50
Exercised	(234,614)	\$ 0.10
<b>Balance, October 31, 2020 and January 31, 2021</b>	<b>6,323,436</b>	<b>\$ 0.49</b>

Contractual life of the warrants outstanding as at January 31, 2021 is 1.48 years.

**Stock options**

During the year ended October 31, 2020 the Company granted 600,000 to directors and officers of the Company. The stock options are exercisable for a period of 5 years at a price of \$0.80. The stock options vested immediately. The fair value of \$443,285 of the stock options granted was calculated using Black-Scholes option pricing model with the following assumptions: stock price - \$0.80; exercise price - \$0.80; expected life – five years; volatility – 158%; dividend yield – \$nil; and risk-free rate - 0.35%.

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**5. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)**

The weighted average remaining life of the stock options outstanding as at January 31, 2021 is 4.48 years.

There were no stock options outstanding as at October 31, 2019.

**6. KEY MANAGEMENT COMPENSATION AND 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.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). Amounts paid and accrued to key management are included in general expenses as follows:

	<b>January 31, 2021</b>	<b>January 31, 2020</b>
Administration fees	\$ 15,000	\$ 15,000
Consulting fees	15,000	-
<b>Total key management compensation</b>	<b>\$ 30,000</b>	<b>\$ 15,000</b>

There were no payables to related parties as at January 31, 2021 or October 31, 2020.

**7. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and exploration of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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**7. CAPITAL MANAGEMENT (continued)**

There were no changes in the Company's approach to capital management during the period ended January 31, 2021. The Company is not subject to externally imposed capital requirements.

**8. COMMITMENTS**

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 4.