

STEVENS GOLD NEVADA INC.

Financial Statements

Years Ended September 30, 2020, and 2019

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Stevens Gold Nevada Inc.

Opinion

We have audited the financial statements of Stevens Gold Nevada Inc. (the "Company"), which comprise the statements of financial position as at September 30, 2020 and 2019, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had no revenues and incurred negative cash flow from operations of \$460,404 during the year ended September 30, 2020 and, as of that date, the Company had an accumulated deficit of \$1,379,027. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Lonny Wong.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

January 7, 2021

STEVENS GOLD NEVADA INC.Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2020 \$	September 30, 2019 \$
ASSETS		
Current assets		
Cash	258,604	772,263
Amounts receivable	3,656	2,001
Prepaid expenses	–	13,243
Reclamation bond (Note 3)	19,392	–
Total current assets	281,652	787,507
Non-current assets		
Mineral property costs (Note 3)	–	32,500
Total assets	281,652	820,007
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	29,500	12,033
Total liabilities	29,500	12,033
Shareholders' equity		
Share capital	1,449,312	1,067,100
Share-based payment reserve	181,867	–
Warrant reserve	–	382,212
Deficit	(1,379,027)	(641,338)
Total shareholders' equity	252,152	807,974
Total liabilities and shareholders' equity	281,652	820,007

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on January 7, 2020:

/s/ "Terry Fields"
Terry Fields, Director

/s/ "James Bordian"
James Bordian, Director

(The accompanying notes are an integral part of these financial statements)

STEVENS GOLD NEVADA INC.Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended September 30, 2020 \$	Year ended September 30, 2019 \$
Expenses		
Consulting fees (Note 4)	91,359	42,812
Impairment of mineral property costs (Note 3)	66,363	32,578
Management fees (Note 4)	51,500	52,000
Mineral exploration costs (Note 3)	167,619	365,301
Office and miscellaneous (Note 4)	7,757	18,637
Transfer agent and filing fees	35,960	–
Professional fees	100,415	52,478
Rent (Note 4)	9,000	14,500
Share-based compensation (Note 7)	181,867	–
Wages and benefits (Note 4)	25,849	24,009
Total expenses	737,689	602,315
Net loss and comprehensive loss for the year	(737,689)	(602,315)
Loss per share, basic and diluted	(0.04)	(0.04)
Weighted average shares outstanding	16,598,477	14,244,019

(The accompanying notes are an integral part of these financial statements)

STEVENS GOLD NEVADA INC.Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Warrant reserve \$	Share subscriptions received \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$					
Balance, September 30, 2018	2,500,001	12,500	–	–	498,600	(39,023)	472,077
Shares issued for cash	13,143,333	1,054,600	–	–	(498,600)	–	556,000
Special warrants issued for cash	–	–	–	388,425	–	–	388,425
Special warrants issuance costs	–	–	–	(6,213)	–	–	(6,213)
Net loss for the year	–	–	–	–	–	(602,315)	(602,315)
Balance, September 30, 2019	15,643,334	1,067,100	–	382,212	–	(641,338)	807,974
Special warrants converted to common shares	1,553,700	388,425	–	(388,425)	–	–	–
Special warrant issuance costs converted to share issuance costs	–	(6,213)	–	6,213	–	–	–
Share-based compensation	–	–	181,867	–	–	–	181,867
Net loss for the year	–	–	–	–	–	(737,689)	(737,689)
Balance, September 30, 2020	17,197,034	1,449,312	181,867	–	–	(1,379,027)	252,152

(The accompanying notes are an integral part of these financial statements)

STEVENS GOLD NEVADA INC.Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended September 30, 2020 \$	Year ended September 30, 2019 \$
Operating activities		
Net loss for the year	(737,689)	(602,315)
Items not involving cash:		
Impairment of mineral property costs	66,363	32,578
Share-based compensation	181,867	–
Changes in non-cash operating working capital:		
Amounts receivable	(1,655)	(77)
Prepaid expenses	13,243	(13,243)
Accounts payable and accrued liabilities	17,467	11,522
Net cash used in operating activities	(460,404)	(571,535)
Investing activities		
Acquisition of exploration and evaluation assets	(33,863)	(65,078)
Reclamation bond	(19,392)	–
Net cash used in investing activities	(53,255)	(65,078)
Financing activities		
Proceeds from issuance of common shares	–	556,000
Proceeds from issuance of special warrants	–	388,425
Special warrant issuance costs	–	(6,213)
Net cash provided by financing activities	–	938,212
Change in cash	(513,659)	301,599
Cash, beginning of year	772,263	470,664
Cash, end of year	258,604	772,263

(The accompanying notes are an integral part of these financial statements)

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements

Years Ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Stevens Gold Nevada Inc. (the “Company”) was incorporated under the Business Corporations Act in British Columbia on June 8, 2018 as 1167609 B.C. Ltd. On November 19, 2018, the Company changed its name to Stevens Gold Nevada Inc. The principal business of the Company is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. The Company’s registered office is located at 350 – 1650 West 2nd Avenue, Vancouver, BC.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

These financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended September 30, 2020, the Company had no revenues and incurred negative cash flow from operations of \$460,404. As at September 30, 2020, the Company has an accumulated deficit of \$1,379,027. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company’s functional currency.

(b) Application of New IFRS

IFRS 16 Leases

On October 1, 2019, the Company adopted IFRS 16 – Leases (“IFRS 16”) which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases with certain variable lease payments, and leases of low-value assets.

The Company adopted IFRS 16 using the modified retrospective method, with no significant impact on the Company’s financial statements.

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements

Years Ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(c) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include recoverability of mineral property costs, fair value of share-based compensation, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

The application of the Company's accounting policy for mineral property costs requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Mineral Property Costs

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs related to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold, or management has determined there to be an impairment in value. These costs will be depleted using the unit-of-production method based on the estimated proven and probable reserves available on the related property following commencement of production.

The amounts shown for mineral properties represent costs, net of write-offs, option proceeds and recoveries, and do not necessarily reflect present or future value. Recoverability of these amounts will depend upon the existence of economically recoverable reserves, the ability of the Company to obtain financing necessary to complete development, and future profitable production. The Company reviews the carrying values of mineral properties when there are any events or change in circumstances that may indicate impairment. Where estimates of future cash flows are available, an impairment charge is recorded if the estimated undiscounted future net cash flows expected to be generated by the property is less than the carrying amount. An impairment charge is recognized by the amount by which the carrying amount of the property exceeds the fair value of the property exceeds the fair value of the property.

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements

Years Ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Mineral Exploration and Development Costs

Exploration costs are charged to operations as incurred. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized.

(g) Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired:

- an intangible asset with an indefinite useful life
- an intangible asset not yet available for use
- goodwill acquired in a business combination

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill and intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Foreign Currency Translation

The Company's functional currency and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements

Years Ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(i) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit of production or straight-line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(j) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements
Years Ended September 30, 2020 and 2019
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(j) Financial Instruments (continued)

Financial Assets

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Subsequent to initial recognition, financial liabilities are measured at amortized cost unless designated as fair value through profit or loss.

Impairment of Financial Assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements

Years Ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(j) Financial Instruments (continued)

Financial Liabilities and Equity Instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(k) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(l) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements
Years Ended September 30, 2020 and 2019
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(l) Income Taxes (continued)

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(m) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations and comprehensive loss. As at September 30, 2020 and 2019, the Company had no items that represent comprehensive income or loss.

(n) Loss Per Share

Basic loss per share is computed using the weight average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at September 30, 2020, the Company has 1,600,000 (2019 – 1,553,700) potentially dilutive shares outstanding.

(o) Accounting Standards Issued But Not Yet Effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Mineral Property Costs

Acquisition costs:

	Stevens Basin Property \$	Black Point Property \$	Total \$
Balance, September 30, 2018		–	–
Additions	32,578	32,500	65,078
Impairment	(32,578)	–	(32,578)
Balance, September 30, 2019	–	32,500	32,500
Additions	–	33,863	33,863
Impairment	–	(66,363)	(66,363)
Balance, September 30, 2020	–	–	–

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements
Years Ended September 30, 2020 and 2019
(Expressed in Canadian dollars)

3. Mineral Property Costs (continued)

Exploration costs:

Year ended September 30, 2020:

	Black Point Property \$
Drilling	69,023
Filing fees	18,832
Geological and geophysics	79,764
	<hr/> 167,619

Year ended September 30, 2019:

	Stevens Basin Property \$	Black Point Property \$	Total \$
Assays	1,112	13,885	14,997
Consulting and operator fees	4,199	14,874	19,073
Filing fees	36,305	44,581	80,886
Geological and geophysics	41,131	205,397	246,528
Rentals	671	3,146	3,817
	<hr/> 83,418	<hr/> 281,883	<hr/> 365,301

(a) On October 10, 2018, the Company entered into a Letter of Intent (“LOI”) with Golden Pursuit Resources Ltd. (“GoldPur”) to earn up to a 60% interest in the Black Point Project located in Eureka County, Nevada, USA. Under the terms of the LOI, the Company will have the right to purchase a 60% interest in the property by making a payment of US\$500,000 at any time while the LOI or a follow-up lease/option to purchase agreement is in effect. Until the payment of the purchase price is made, the Company is to make annual lease payments, which shall not constitute a portion of the purchase price, as follows:

- US\$25,000 within 5 business days after signing (paid);
- US\$25,000 on or before October 10, 2019 (paid);
- US\$25,000 on or before October 10, 2020 (extended subsequently – refer to Note 12(a));
- US\$50,000 on or before October 10, 2021;
- US\$50,000 on or before October 10, 2022; and
- US\$100,000 on or before October 10, 2023 and annually thereafter.

GoldPur shall retain a 2% Net Smelter Return Royalty on the property. During the year ended September 30, 2020, the Company paid \$19,392 (US\$15,538) as a reclamation bond for the Black Point Project.

As at September 30, 2020, the Company recognized an impairment of \$66,363 as the LOI with GoldPur was terminated subsequent to September 30, 2020. Refer to Note 12(h).

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements

Years Ended September 30, 2020 and 2019

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3. Mineral Property Costs (continued)

- (b) On October 10, 2018, the Company entered into a Letter of Intent (“LOI”) with GoldPur to earn up to a 60% interest in the Stevens Basin Project located in the Eureka County, Nevada, USA. Under the terms of the LOI, the Company will have the right to purchase a 60% interest in the property by making a payment of US\$750,000 at any time while the LOI or a follow-up lease/option to purchase agreement is in effect. Until the payment of the purchase price is made, the Company will make annual lease cash payments, which shall not constitute a portion of the purchase price, as follows:
- US\$25,000 within 5 business days after signing (paid);
 - US\$50,000 on or before October 10, 2019;
 - US\$50,000 on or before October 10, 2020;
 - US\$75,000 on or before October 10, 2021;
 - US\$75,000 on or before October 10, 2022; and
 - US\$100,000 on or before October 10, 2023 and annually thereafter.

GoldPur shall retain a 2% Net Smelter Return Royalty on the property.

On June 21, 2019, the Company terminated the LOI with GoldPur and recognized an impairment of \$32,578.

4. Related Party Transactions

- (a) During the year ended September 30, 2020, the Company incurred management fees of \$42,000 (2019 – \$42,000) to the Chief Executive Officer (“CEO”) of the Company. As at September 30, 2020, the Company owed the CEO of the Company \$12,500 (2019 – \$nil), which is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.
- (b) During the year ended September 30, 2020, the Company incurred management fees of \$9,500 (2019 – \$10,000) to the Chief Financial Officer (“CFO”) of the company.
- (c) During the year ended September 30, 2020, the Company incurred wages of \$13,000 (2019 – \$16,250) and consulting fees of \$28,000 (2019 – \$27,500) to the son of the CFO of the Company and a company controlled by the son of the CFO of the Company, respectively.
- (d) During the year ended September 30, 2020, the Company incurred rent of \$9,000 (2019 – \$nil) and office and miscellaneous of \$3,000 (2019 – \$nil) (2019 – \$nil) to a company with common officers and directors.

5. Share Capital

Authorized: Unlimited number of common shares without par value.

Shares issued during the year ended September 30, 2020:

- (a) On February 18, 2020, the Company issued 1,553,700 common shares upon the automatic conversion of 1,553,700 special warrants due to the receipt of the Company’s final prospectus (Notes 6(a) and (b)).

Shares issued during the year ended September 30, 2019:

- (b) On October 15, 2018, the Company issued 10,343,333 common shares at \$0.06 per share for proceeds of \$620,600, of which \$498,600 had been received as at September 30, 2018. Included in this issuance were 2,150,000 common shares for proceeds of \$129,000 issued to the CEO of the Company.
- (c) On December 6, 2018, the Company issued 1,400,000 common shares at \$0.06 per share for proceeds of \$84,000.
- (d) On April 5, 2019, the Company issued 1,400,000 common shares at \$0.25 per share for proceeds of \$350,000.

STEVENS GOLD NEVADA INC.

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6. Special Warrants

- (a) On August 28, 2019, the Company completed a private placement of 248,500 non-transferable special warrants at \$0.25 per special warrant for gross proceeds of \$62,125. Included in this issuance were 4,000 special warrants for proceeds of \$1,000 issued to a significant shareholder of the Company. Each special warrant entitles subscribers to acquire, without payment of any consideration in addition to that already paid, one common share of the Company. Each special warrant will automatically convert into common shares on the earlier of the first business day following the day on which a receipt for a final prospectus has been issued to the Company, or the 240th day following the issuance of the special warrants (April 24, 2020). In connection with the private placement, the Company paid a finder's fee of \$6,213. On February 18, 2020, the special warrants automatically converted into common shares and were deemed to have been exercised. Refer to Note 5(a).
- (b) On August 29, 2019, the Company completed a private placement of 1,305,200 non-transferable special warrants at \$0.25 per special warrant for gross proceeds of \$326,300. Each special warrant entitles subscribers to acquire, without payment of any consideration in addition to that already paid, one common share of the Company. Each special warrant will automatically convert into common shares on the earlier of the first business day following the day on which a receipt for a final prospectus has been issued to the Company, or the 240th day following the issuance of the special warrants (April 25, 2020). On February 18, 2020, the special warrants automatically converted into common shares and were deemed to have been exercised. Refer to Note 5(a).

7. Stock Options

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, September 30, 2018 and 2019	–	–
Granted	1,600,000	0.25
Outstanding, September 30, 2020	1,600,000	0.25

Additional information regarding stock options outstanding as at September 30, 2020, is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.25	1,600,000	4.97	0.25

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the year ended September 30, 2020, the Company recognized share-based compensation expense of \$181,867 (2019 – \$nil) in equity reserves, of which \$181,867 (2019 – \$nil) pertains to directors and officers of the Company. The weighted average fair value of each option granted during the year ended September 30, 2020, was \$0.11 (2019 – \$nil) per share.

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements

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7. Stock Options (continued)

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2020	2019
Risk-free interest rate	0.36%	—
Expected forfeitures	0%	—
Expected volatility	60%	—
Expected life (years)	5	—

8. Fair Value Measurements and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Company's financial instruments, which include cash, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. As at September 30, 2020, the Company has a cash balance of US\$67,679 and has mineral property option agreement obligations (refer to Note 3) and mineral exploration expenses denominated in U.S. dollars. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

STEVENS GOLD NEVADA INC.

Notes to the Financial Statements
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8. Fair Value Measurements and Risk Management (continued)

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

9. Capital Management

The Company's objectives when managing capital are to raise the necessary equity financing to fund its projects and to manage the equity funds raised which best optimizes its programs and the interests of its equity shareholders at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. 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. In order to maintain or adjust the capital structure, the Company may raise additional equity funds. The Company is not subject to externally imposed capital requirements.

10. Segmented Information

The Company operates in one industry, the mineral resource industry, with all current exploration activities conducted in the United States.

11. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2020 \$	2019 \$
Statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(199,176)	(162,625)
Tax effect of:		
Permanent differences and other	49,105	(1,678)
Change in unrecognized deferred income tax assets	150,071	164,303
Income tax provision	—	—

The significant components of deferred income tax assets and liabilities are as follows:

	2020 \$	2019 \$
Deferred income tax assets:		
Non-capital losses carried forward	153,302	66,070
Resource pools	170,602	107,427
Share issuance costs	1,006	1,342
Unrecognized deferred income tax assets	(324,910)	(174,839)
Net deferred income tax asset	—	—

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11. Income Taxes (continued)

As at September 30, 2020, the Company has non-capital losses carried forward of \$567,785 (2019 – \$244,702), which are available to offset future years' taxable income. These losses expire as follows:

	\$
2038	39,023
2039	205,679
2040	323,083
	567,785

As at September 30, 2020, the Company has available mineral resource related expenditure pools totaling \$631,861 (2019 – \$430,379) which may be deducted against future taxable income on a discretionary basis.

12. Subsequent Events

- (a) On October 6, 2020, the Company entered into an amending agreement on the Black Point Project LOI to extend the payment of US\$25,000 originally due on October 10, 2020, to December 9, 2020 (refer to Note 3) for consideration of US\$5,000.
- (b) On November 3, 2020, the Company acquired 100% of the issued and outstanding common shares of Lynx Gold Mining Corp. ("Lynx") in exchange for 14,744,798 common shares. Lynx is in the business of mineral exploration and development. Lynx owns the right, title, and interest in an option to acquire a series of mineral exploration permits from the Arizona State Land Department known as the Millennium Gold Project, pursuant to a mineral rights agreement with the individuals who hold the existing mineral permits and rights to the property dated September 22, 2020.
- (c) On November 3, 2020, the Company issued 1,000,000 common shares as an option payment pursuant to the Millennium Gold Project referenced in Note 12(b).
- (d) On November 10, 2020, the Company issued 1,000,000 common shares pursuant to a consulting agreement entered into by Lynx prior to being acquired by the Company. Pursuant to the consulting agreement, Lynx agreed to issue 1,000,000 common shares of Lynx, or its parent company, upon entering into the option for the Millennium Gold Project referenced in Note 12(b).
- (e) On November 12, 2020, the Company issued 4,995,800 units at \$0.18 per unit for gross proceeds of \$899,244. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one common share at \$0.235 per share for a period of two years. In connection with the private placement, the Company issued 268,504 brokers' warrants exercisable at \$0.235 per share for a period of two years.
- (f) On November 12, 2020, the Company issued 461,109 units to settle debt of \$83,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one common share at \$0.235 per share for a period of two years.
- (g) On November 25, 2020, the Company granted 150,000 stock options to a consultant of the Company. The options vested immediately and are exercisable at \$0.275 per common share for a period of two years.
- (h) On December 4, 2020, the Company terminated the Black Point Project LOI with GoldPur due to the disappointing drilling results.