GOLDHAVEN RESOURCES CORP.
(Formerly Altum Resource Corp.)

FINANCIAL STATEMENTS
For the year ended July 31, 2020 and the period from February 20, 2019 (incorporation) to July 31, 2019
(Presented in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GOLDHAVEN RESOURCES CORP. (FORMERLY ALTUM RESOURCES CORP.)

Opinion
We have audited the financial statements of Goldhaven Resources Corp. (formerly Altum Resource Corp) (the "Company"), which comprise:

- the statements of financial position as at July 31, 2020 and 2019;
- the statements of loss and comprehensive loss for the year ended July 31, 2020 and the period from incorporation on February 20, 2019 to July 31, 2019;
- the statements of cash flows for the year ended July 31, 2020 and the period from incorporation on February 20, 2019 to July 31, 2019;
- the statements of changes in shareholders' equity for the year ended July 31, 2020 and the period from incorporation on February 20, 2019 to July 31, 2019; and
- the 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 July 31, 2020 and 2019, and its financial performance and cash flows for the year ended July 31, 2020 and the period from incorporation on February 20, 2019 to July 31, 2019 in accordance with International Financial Reporting Standards ("IFRS").

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 *Auditors' 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 audits 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 in our audits 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 incurred a net loss of $473,990 during the year ended July 31, 2020 and, as of that date, had an accumulated deficit of $549,405. 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 of Management's Discussion and Analysis.

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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

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We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. 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 IFRS, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- 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 Kevin Kwan.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
November 25, 2020

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GOLDHAVEN RESOURCES CORP. (Formerly Altum Resource Corp.)

Statements of Financial Position
As at July 31, 2020 and 2019
(Presented in Canadian Dollars)

		July 31, 2020		July 31, 2019
ASSETS				
Current				
Cash	**$**	**394,491**	$	162,653
Prepaid expenses		**9,233**		-
Receivables		**13,895**		2,487
		417,619		165,140
Exploration and evaluation assets (Note 5)		**832,444**		97,524
	$	**1,250,063**	$	262,664
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	**$**	**39,250**	$	32,078
Due to related parties (Note 6)		**3,697**		-
		42,947		32,078
Shareholders' equity				
Common shares (Note 7)		**1,494,550**		276,001
Warrants (Note 7)		**83,097**		-
Reserve		**178,874**		30,000
Deficit		**(549,405)**		(75,415)
		1,207,116		230,586
	$	**1,250,063**	$	262,664

Approved and authorized for issue by the Board of Directors on November 25, 2020

Signed "David C. Smith"
Director

Signed "Gordon L. Ellis"
Director

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

GOLDHAVEN RESOURCES CORP. (Formerly Altum Resource Corp.)

Statements of Loss and Comprehensive Loss

For the year ended July 31, 2020 and period from February 20, 2019 (incorporation) to July 31, 2019

(Presented in Canadian Dollars)

		Year ended July 31, 2020		Period from February 20, 2019 [(1)] to July 31, 2019
EXPENSES				
Share-based compensation (Note 7 (c))	**$**	**201,099**	$	30,000
Investor relations		**105,476**		-
Professional fees		**43,975**		25,510
Office and general administration		**62,781**		6,691
Regulatory fees		**35,659**		-
Consulting (Note 6)		**25,000**		13,214
Loss for the period	**$**	**(473,990)**	$	(75,415)
Loss per common share				
Basic and diluted	**$**	**(0.07)**	$	(0.01)
Weighted average number of common shares outstanding				
Basic and diluted		**6,678,905**		5,188,821

(1) – date of incorporation

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

GOLDHAVEN RESOURCES CORP. (Formerly Altum Resource Corp.)

Statements of Cash Flows

For the year ended July 31, 2020 and period from February 20, 2019 (incorporation) to July 31, 2019

(Presented in Canadian Dollars)

		Year ended July 31, 2020		Period from February 20, 2019 (1) to July 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	**$**	**(473,990)**	$	(75,415)
Item not affecting cash:				
Share-based compensation		**201,099**		30,000
		(272,891)		(45,415)
Changes in non-cash working capital items:				
Increase in receivables		**(11,408)**		(2,487)
Increase in prepaid expenses		**(9,233)**		-
Increase in accounts payable and accrued liabilities		**15,550**		23,700
Increase in due to related parties		**3,697**		-
Net cash used in operating activities		**(274,285)**		(24,202)
CASH FLOWS FROM INVESTING ACTIVITY				
Exploration and evaluation assets		**(333,298)**		(89,146)
Net cash used in investing activity		**(333,298)**		(89,146)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from the issuance of shares		**929,284**		276,001
Share issue costs		**(180,363)**		-
Exercise of options		**70,000**		
Exercise of warrants		**20,500**		
Net cash provided by financing activities		**839,421**		276,001
Change in cash during the period		**231,838**		162,653
Cash, beginning of period		**162,653**		-
Cash, end of period	**$**	**394,491**	$	162,653

(1) – date of incorporation

Supplemental disclosure with respect to cash flows (Note 9)

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

GOLDHAVEN RESOURCES CORP. (Formerly Altum Resource Corp.)

Statements of Changes in Shareholders' Equity
For the year ended July 31, 2020 and period from February 20, 2019 (incorporation) to July 31, 2019
(Presented in Canadian Dollars)

	Share Capital					
	Number of shares	Amount	Warrants	Reserve	Deficit	Total
Incorporation February 20, 2019	1	$ 1	$ -	$ -	$ -	$ 1
Share issuances	10,200,000	276,000	-	-	-	276,000
Share-based compensation	-	-	-	30,000	-	30,000
Loss for the period	-	-	-	-	(75,415)	(75,415)
Balance, July 31, 2019	10,200,001	276,001	-	30,000	(75,415)	230,586
IPO	3,500,000	350,000	-	-	-	350,000
Corporate finance fees	100,000	10,000	-	-	-	10,000
Share issuances	5,792,844	509,765	69,519	-	-	579,284
Share issue costs	-	(190,363)	-	-	-	(190,363)
Adam West property acquisition	100,000	10,000	-	-	-	10,000
Assignment Project Options	4,000,000	400,000	-	-	-	400,000
Agents' warrants – IPO	-	(18,291)	18,291	-	-	-
Agents' warrants – Private placement	-	(6,000)	6,000	-	-	-
Exercise of stock options	700,000	122,225	-	(52,225)	-	70,000
Exercise of IPO agents' warrants	205,000	31,213	(10,713)	-	-	20,500
Share-based compensation	-	-	-	201,099	-	201,099
Loss for the year	-	-	-	-	(473,990)	(473,990)
Balance, July 31, 2020	**24,597,845**	**$ 1,494,550**	**$ 83,097**	**$ 178,874**	**$ (549,405)**	**$ 1,207,116**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Goldhaven Resources Corp. (formerly Altum Resource Corp.; "GoldHaven" or the "Company") was incorporated on February 20, 2019 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is Suite 2300 – 1177 West Hastings Street, Vancouver, BC, Canada V6E 2K3.

Pursuant to the Company's March 2020 Initial Public Offering ("IPO"), the common shares of the Company commenced trading on the Canada Securities Exchange ("CSE") under the trading symbol ALTM (see Note 8). On June 24, 2020, the Company changed its name to Goldhaven Resources Corp. and on July 3, 2020, the Company's shares commenced trading on the CSE under the symbol GOH. On September 9, 2020, the Company's shares commenced trading on the OTCQB under the symbol ATUMF.

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

If the going concern assumption was not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

To date, the Company has not earned operating revenue, as the Company is in the process of acquiring and developing exploration and evaluation assets and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and upon future profitable production.

As at July 31, 2020, the Company has generated negative cash flows from operating activities, had working capital of $374,672, and an accumulated deficit of $549,405. The Company expects to incur further losses in its future operations and its ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues enough to cover its operating costs. These factors indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flow from operating activities or to raise funds primarily through the issuance of shares or obtain alternative financing. There is no certainty that sufficient financing can be obtained in the future.

In 2020, there was a global outbreak of coronavirus ("COVID-19") that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a potential material impact to the Company's activities, cash flows, liquidity and its ability to raise additional capital. Various restrictions on gatherings, work and access to remote communities near the Company's potential/future projects may also impact the Company's ability to perform operational activities.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS, as issued by the IASB. These financial statements were approved by the Company's Board of Directors on November 25, 2020.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2.3 Significant accounting judgments and key sources of estimate uncertainty

In preparing these financial statements, the Company is required to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgments used in developing and applying the accounting policies are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Significant accounting judgments and estimates
The following are the significant judgments and estimates, that management made in the process of applying the Company's key accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Going concern assumption – presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future, will obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Recognition of deferred income tax assets - the decision to recognise a deferred tax asset is based on management's judgment of whether it is considered probable that future taxable profits will be available against which unused tax losses, tax credits or deductible temporary differences can be utilized. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Economic recoverability and probability of future economic benefits of exploration and evaluation assets - Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits, including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Impairment of Exploration and Evaluation Assets -The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future

Valuation of share-based compensation - The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Mining exploration tax credits and flow-through expenditures - The Company is eligible for refundable tax credits on qualified resource expenditures incurred in the province of British Columbia (the "Province"). Uncertainties exist with respect to the interpretation of tax regulations which could be disallowed by the Province in the calculation of credits. The calculation of the Company's refundable tax credits involves significant estimates and judgment on items whose tax treatment cannot be verified until a notice of assessment and subsequent payments have been received from the Province. Differences between management's estimates and the final assessment could result in adjustments to the mining exploration tax credit and the future income tax expense.

The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency translation

(a) Functional and presentation currency
These financial statements are presented in Canadian Dollars, which is GoldHaven's functional currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are re-valued using the spot rate at the statements of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss. When a gain or loss on a non-monetary item is recognized in other comprehensive loss or income, any foreign exchange component of that gain or loss is recognized in other comprehensive loss or income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

3.2 Financial Instruments

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or if the Company has opted to measure them at FVTPL

ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. The Company's accounts payable and accrued liabilities and due to related parties are carried at amortized cost.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. The Company's cash is classified as FVTPL.

iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of operations.

3.3 Exploration and evaluation expenditures

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves. Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. If estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

3.4 Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

3.5 Impairment of non-current assets

At each reporting date, the Company reviews the carrying amounts of its non-current assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent with other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. The Company has determined that it has three CGUs. The recoverable amount is determined as the higher of fair value less costs of disposal and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves and resources, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in the statement of loss and comprehensive loss.

Non-current assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or CGU in prior years. A reversal of impairment is recognized as a gain in the statement of loss and comprehensive loss.

3.6 Share capital

Common shares are classified as equity. The proceeds from the exercise of share options or warrants together with amounts previously recorded on grant date or issue date are recorded as common shares. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.7 Share-based compensation

The Company has a share-based compensation plan under which the entity receives services from employees, directors and non-employees as consideration for equity instruments (share options) of the Company.

The fair value of share options granted to eligible optionees is measured on the grant date and share options granted to non-employees are measured on the date that the goods or services are received.

The fair value of the services received in exchange for the grant of the options is recognized as an expense, with a corresponding increase in reserve. The total amount to be expensed is determined by reference to the fair value of the options granted and the related vesting periods. The fair value is determined by using the Black-Scholes option pricing model where the fair value of services cannot be estimated reliably. Non-market vesting conditions are included in the estimate of the number of options expected to vest. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of options expected to vest, where applicable. Any change from estimate is recognized with a corresponding adjustment to equity. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

When share options are exercised, the proceeds received and the initial fair value of the share options in reserve are credited to common shares.

3.8 Share purchase warrants

Share purchase warrants (“warrants”) are measured at their fair value on the date of grant and are recorded as a separate component of equity. When a warrant is exercised, the initial fair value of the warrant, as determined on the grant date, is transferred to share capital. The initial fair values of warrants that expire unexercised are transferred to contributed surplus.

3.9 Earnings per share

Basic earnings per share is calculated by dividing the net earnings available to common shareholders by the weighted average number of shares outstanding during the period. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding, if dilutive. Diluted earnings per share is calculated using the treasury share method, in which the assumed proceeds from the potential exercise of those share options and warrants whose average market price of the underlying shares are used to purchase the Company’s common shares at their average market price for the period.

In a year when net losses are incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

3.10 Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized within financing costs.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

3.11 Income taxes

Tax expense comprises current and deferred tax. Tax is recognized in the statements of loss and comprehensive loss for the year, except to the extent that it relates to items recognized in other comprehensive loss or income or directly in equity. In this case, the tax is also recognized in other comprehensive loss or income or directly in equity, respectively.

(a) Current tax

Current income taxes are calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.12 Valuation of equity units issued in private placements

The Company's applies relative fair value method in estimating the fair value of the common shares and warrants in a unit offering. The fair value of the common shares is determined by the closing quoted bid price on the announcement date and the fair value attributable to the warrants that was calculated using the Black-Scholes pricing model. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

4. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

On August 1, 2019, the Company adopted IFRS 16 – Leases which provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The adoption of the standard had no impact on the Company's financial statements as the Company had no long-term leases.

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all its exploration and evaluation assets and, to the best of its knowledge, title to all its properties are in good standing.

Following is a summary of exploration expenditures to July 31, 2020:

	Adam West Canada	Coya Chile	Rio Loa Chile	Total
Balance at incorporation February 20, 2019	$ -	$ -	$ -	$ -
Acquisition costs:				
Cash	5,000	-	-	5,000
Acquisition costs for the period	5,000	-	-	5,000
Deferred exploration costs:				
Geophysical	40,927	-	-	40,927
Consulting	23,925	-	-	23,925
Report preparation	7,991	-	-	7,991
Assay	11,842	-	-	11,842
Field	7,839	-	-	7,839
Exploration costs for the period	92,524	-	-	92,524
Balance July 31, 2019	97,524	-	-	97,524
Acquisition costs:				
Cash	10,000	87,144	146,881	244,025
Shares	10,000	200,000	200,000	410,000
Acquisition costs for the year	20,000	287,144	346,881	654,025
Deferred exploration costs:				
Consulting (Note 7)	25,319	11,894	11,894	49,107
Report preparation	8,930	-	-	8,930
Assay	12,302	-	-	12,302
Field	10,556	-	-	10,556
Exploration costs for the year	57,107	11,894	11,894	80,895
Total expenditures for the year	77,107	299,038	358,775	734,920
Balance July 31, 2020	**$ 174,631**	**$ 299,038**	**$ 358,775**	**$ 832,444**

(Presented in Canadian Dollars)

Adam West Project - Canada
Pursuant to an option agreement dated April 2, 2019, the Company was granted an option to acquire a 100% undivided interest in the Adam West Project in the Nanaimo Mining Division, British Columbia. To exercise the option, the Company must pay $105,000 and issue 2,000,000 common shares as follows:

		Cash	Common Shares
Upon signing of the Property Option Agreement April 2 (paid)	$	5,000	-
On or before March 26, 2020 (the Listing Date; paid)		10,000	-
Within 15 days of the Listing Date (issued)		-	100,000
On or before March 26, 2021		10,000	300,000
On or before March 26, 2022		20,000	400,000
On or before March 26, 2023		30,000	600,000
On or before March 26, 2024		30,000	600,000
Total	$	105,000	2,000,000

Upon commencement of commercial production, the optionors will receive a 1.8% Gross Smelter Returns Royalty.

Rio Loa and Coya Projects – Chile

On April 8, 2020, the Company entered into an assignment and assumption agreement with 1243461 B.C. Ltd. ("3461"), whereby 3461 assigned to the Company all of its rights under two letters of intent with third party vendors. Pursuant to the letters of intent, the Company is expected to enter into definitive agreements with the third party vendors whereby it will be assigned or granted an option to acquire a 100% interest in and to: (i) certain mining concessions comprising approximately 1,000 hectares located in the Diego de Almagro province of the Atacama region, Chile (the "**Rio Loa Project**"); and (ii) certain mining concessions comprising approximately 1,600 hectares located in the Diego de Almagro and Copiapo provinces of the Atacama region, Chile (the "**Coya Project**"). In consideration for the assignment and at the closing of the assignment, the Company issued an aggregate of 4,000,000 common shares in its capital to 3461 and its nominees on June 1, 2020.

On September 15, 2020, the Company acquired all of the ownership shares of 3461 – see Note 7 (a).

<u>Rio Loa Project – Chile</u>
Pursuant to the letter of intent with respect to the Rio Loa Project, the Company will enter into and execute a formal assignment and assumption agreement, whereby a third party vendor will assign to the Company all of its rights, title, benefit and interest under the option agreement to acquire a 100% interest in the Rio Loa Project, subject to a 2% net smelter returns royalty, of which the Company can purchase 1% by paying USD $3,000,000.

(Presented in Canadian Dollars)

As consideration for the assignment of the option agreement and to exercise the option (the "**Rio Loa Option**") for the Rio Loa Project in full, the Company must do the following:

(a) make aggregate payments of USD $1,180,000 and complete an expenditure program as follows:

Date	Payment (USD)	Expenditure Program
Upon execution of the Letter of Intent (paid)	$30,000	--
On or before April 12, 2020 (paid)	$100,000	--
On or before May 8, 2020 (paid)	$25,000	--
On or before June 8, 2020 (paid)	$25,000	--
On or before November 12, 2020 (paid) **(1)**	$30,000	
On or before December 31, 2020 **(2)**	--	2,000 meter drill program
On or before April 12, 2021 **(3)**	$360,000	--
On or before August 12, 2021	$250,000	--
On or before December 12, 2021	$250,000	--
On or before April 12, 2022	$50,000	--
On or before April 12, 2023	$60,000	--
TOTAL:	**$1,180,000**	**2,000 meter drill program**

Subsequent to July 31, 2020, the following amendments were agreed to between the parties:

(1) – "Date" amended to November 15, 2020 and the Payment amended to $35,000, which has been paid
(2) – "Date" amended to March 31, 2021
(3) – "Payment" amended to $320,000

(b) pay discovery bonus payments (up to a maximum of USD $5 million) contemplated under the Option Agreement (the "**Vendors Discovery Bonus**") to the vendors in amounts ranging from USD $2/oz to USD $5/oz on National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43 101**") compliant measured and indicated mineral resources of gold discovered on the Rio Loa Project;

(c) pay a discovery bonus equal to USD $5/oz (on a mineral resource with a 0.3 g/t gold cut-off grade) on the first mineral resource contained in an NI 43-101 compliant technical report, less one-half of the Vendors Discovery Bonus (the "**Additional Discovery Bonus**"); provided that the payment of same will commence upon a production decision having been made on the Project;

(d) make cash payments in the aggregate amount of USD $10,000 per annum on April 12th of each year until the first payment is made in respect of the Additional Discovery Bonus; and

(e) during the term of the Rio Loa Option, the Company will be responsible for maintaining the concessions in good standing and paying all fees and assessments in connection with the Project.

(Presented in Canadian Dollars)

Coya Project - Chile

Pursuant to the April 8, 2020 letter of intent (as amended) with respect to the Coya Project, the Company will enter into and execute with a third party vendor (i) an assignment and assumption agreement, whereby the Company will be assigned all of the vendors' rights, title, benefit and interest under the option agreement to acquire a 100% interest in a 400 hectare portion of the Coya Project (the "**First Coya Option Agreement**"); and (ii) an option to purchase agreement (the "**Second Coya Option Agreement**"), whereby the Company will be granted an option to acquire a 100% interest in a 1,200 hectare portion of the Coya Project, subject to a 2% net smelter returns royalty on production, of which the Company can purchase 1% by paying USD $6,000,000. In consideration for: (i) the assignment of the First Coya Option Agreement and to exercise the option thereunder; and (ii) the grant of the Second Coya Option Agreement and the exercise of the option thereunder, the Company must do the following:

(a) make aggregate payments of USD $3,935,000, as follows:

Date	Payment (USD)
On or before May 8, 2020 (paid)	$20,000
On or before June 8, 2020 (paid)	$15,000
On or before September 8, 2021	$100,000
On or before March 8, 2022	$200,000
On or before March 8, 2023	$300,000
On or before March 8, 2024	$3,300,000
TOTAL:	**$3,935,000**

(b) make payment in the amount of USD $75,000 within 90 days of the removal of all travel movements and other restrictions intended to combat the spread of the coronavirus disease imposed by Chilean governmental federal, state and local authorities; and

(c) during the term of the option for the Coya Project, the Company will be responsible for maintaining the concessions in good standing and paying all fees and assessments in connection with the Project.

6. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and its related parties are disclosed below:

(a) Related party expenditures

During the year ended July 31, 2020, the Company:

- Incurred and paid a company owned by the Company President’s spouse $25,000 (2019 - $Nil) for the President’s services included in consulting fees;
- Incurred $1,500 (2019 - $Nil) for accounting services by a company owned by the Company’s Chief Financial Officer (“CFO”) included in professional fees; and
- Incurred and paid $23,788 (2019 - $Nil) to a director for consulting fees capitalized to exploration and evaluation assets.

(Presented in Canadian Dollars)

(b) Key management compensation

Key management includes directors and executive officers of the Company. The compensation paid or payable to key management for employee services for the year ended July 31, 2020 and the period from February 20, 2019 (incorporation) to July 31, 2019 is shown below:

	2020 **$**	**2019** **$**
Salaries, fees and benefits	**26,500**	-
Consulting fees	**23,788**	-
Share-based compensation	**120,334**	30,000
Total	**170,622**	30,000

(c) Due to related parties:

Amounts due to related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties.

As at July 31, 2020:

- $1,500 (2019 - $Nil) was payable to a company owned by the Company's CFO for accounting services rendered in 2020.

7. SHARE CAPITAL AND RESERVES

(a) Common shares

Authorized – Unlimited common shares without par value

Subsequent to July 31, 2020, the Company had the following share capital transactions:

(1) On August 20, 2020 and October 7, 2020, the Company issued 145,000 common shares from the exercise of 145,000 Agents' Warrants for gross proceeds of $14,500;

(2) On September 15, 2020, the Company issued 7,000,000 common shares for the acquisition of all of the common shares of 3461, a private, B.C. incorporated company. 3461 owns an unilateral option to purchase certain mining concessions in Chile (the "Apolo Project") from Apolo Exploraciones SPA ("Apolo") for USD8,470,000, a royalty of 2% of the net smelter return that the Company receives for the sale or disposal of the minerals extracted exclusively from the Apolo properties (the "Apolo Properties") as well as Company commitments to minimum amounts of drilling on the Apolo Properties.

On September 11, 2020, the Company incorporated GoldHaven Resources Chile SpA, a wholly-owned subsidiary of the Company, to hold 3461's Apolo Project option; and

(3) On October 29, 2020 and November 4, 2020, the Company issued a total of 12,247,500 units (the "Units") at a price of $0.20 per Unit for aggregate total proceeds of $2,449,500 (the "Offering"). Each Unit consists of one common share in the capital of the Company and one common share purchase warrant (the "Offering Wts"). Each Offering Wt entitles the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.30 per share for a period of 36 months from the closing of the Offering. In connection with the Offering, the Company paid cash finder's fees of $116,615 and issued an additional 582,575 finders' warrants (the "Offering Finders' Wts"). The Offering Finders' Wts issued have the same terms and conditions as the Offering Wts issued under the Offering, however, they are non-transferable. All securities issued in connection with the Offering have a four-month and one day hold period in Canada, ending on March 5, 2021.

During the year ended July 31, 2020, the Company had the following share capital transactions:

(1) On March 6, 2020, the British Columbia Securities Commission issued a receipt for the Company's Long Form Prospectus and the Company became a reporting issuer in British Columbia and Alberta. On March 26, 2020, the Company's common shares were listed on the CSE and the Company became a reporting issuer in Ontario. On March 27, 2020, the Company completed its IPO of 3,500,000 common shares at a price of $0.10 per common share for gross proceeds of $350,000. The Company paid cash finders' fees of $35,000 and issued 350,000 agent warrants ("Agents' Warrants") valued at $18,291. Each Agents' Warrant is exercisable for a period of two years at an exercise price of $0.10 per Agents' Warrant. Additional share issue costs of $121,253 were incurred in connection with this IPO and was recorded as an offset to share capital, as share issue costs. The additional share issuance cost includes 100,000 common shares valued at $10,000 for corporate finance fees;

(2) On March 23, 2020, the Company re-issued 2,200,001 common shares which are held in escrow pursuant to an escrow agreement made as of December 10, 2019 among the Company, the Company's transfer agent, and the Company's former CEO, former CFO and a former director;

(3) On March 27, 2020, the Company issued 100,000 common shares for the acquisition of the Adam West exploration and evaluation assets at a fair value of $10,000;

(4) On June 1, 2020, the Company issued 4,000,000 common shares at a fair value of $400,000 to 3461 as consideration for the assignment and assumption agreement executed with 3461 to acquire a 100% interest in the Rio Loa and Coya Projects in Chile;

(5) On June 4, 2020, the Company completed a non-brokered private placement ("June 2020 NBPP") of 5,792,844 units (the "Units") at a price of $0.10 per unit for gross proceeds of $579,284.

Each Unit consisted of one common share in the capital of the Company and two separate ½ (one-half) of one common share purchase warrants (a ½ "A-Warrant" and a ½ "B-Warrant", and, respectively, each whole warrant, an "A-Warrant" and a "B-Warrant", and collectively, the "Warrants"). Each whole A-Warrant will entitle the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.35 per share for a period of 18 months from the closing of the June 2020 NBPP. Each whole B-Warrant will entitle the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.50 per share for a period of 18 months from the closing of the June 2020 NBPP.

In the event the closing price of the Company's common shares on the CSE is equal to or greater than $0.45 (for the A-Warrants) or $0.65 (for the B-Warrant B) per common share, respectively, for a minimum of ten consecutive trading days commencing four months and one day after the closing of the Offering, the Company may accelerate the expiry date of the Warrants by providing notice to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

As a result of applying the relative fair value method, the proceeds from the private placement were allocated $509,765 to common shares and $69,519 to warrants.

In connection with the June 2020 NBPP, the Company issued an aggregate 341,099 finders' warrants ('Finders' Warrants"). The Finders' Warrants issued have the same terms and conditions as the subscriber warrants issued under the June 2020 NBPP. However, they are non-transferable and have an exercise price of $0.35 for a period of eighteen months expiring on December 3, 2021.

(Presented in Canadian Dollars)

Share issue costs were comprised of a cash finders' fee of $34,110 and 341,099 finders' warrants valued at $6,000.

(6) 700,000 incentive stock options were exercised for proceeds of $70,000. As a result of the exercise $52,225 was reclassified from reserve to common shares.
(7) 205,000 compensation warrants were exercised for proceeds of $20,500. As a result of the exercise $10,713 was reclassified from warrant reserves to common shares.

During the period from February 20, 2019 (incorporation) to July 31, 2019, the Company had the following share capital transactions:

(1) The Company issued 1 share on incorporation for proceeds of $1;

(2) On March 28, 2019 the Company issued 2,000,000 common shares at a price of $0.005 per common share for gross proceeds of $10,000. The fair value of the common shares was estimated to be $40,000. Accordingly, the Company recorded share-based compensation of $30,000 and a corresponding increase to contributed surplus;

(3) On April 2, 2019 the Company issued 1,000,000 flow-through common shares at a price of $0.02 per common share for gross proceeds of $20,000 which the Company is committed to spend in Qualifying Canadian Exploration Expenditures ("CEE");

(4) On April 17, 2019 the Company issued 3,100,000 flow-through common shares at a price of $0.02 per common share for gross proceeds of $62,000 which the Company is committed to spend in Qualifying Canadian Exploration Expenditures.

As at July 31, 2020 the Company has incurred $111,338 (2019 - $66,533) in CEE;

(5) On May 7, 2019, the Company issued 700,000 common shares at a price of $0.02 per common share for gross proceeds of $14,000;

(6) On June 14, 2019, the Company issued 2,000,000 common shares at a price of $0.05 per common share for gross proceeds of $100,000; and

(7) On July 30, 2019, the Company issued 1,400,000 common shares at a price of $0.05 per common share for gross proceeds of $70,000.

(b) **Share purchase warrants**

The Company has the following share purchase warrants outstanding as at July 31, 2020:

		Outstanding and Exercisable		
Year of Expiry	Range of exercise prices $	Number of warrants outstanding	Weighted average exercise price $	Weighted average remaining contractual life (years)
2021	0.10 – 0.50	6,133,943	0.42	1.3
2022	0.10	145,000	0.10	1.6
	0.10 – 0.50	6,278,943	0.41	1.3

Following is a continuity schedule for the Company's warrants, for the year ended July 31, 2020:

(Presented in Canadian Dollars)

		2020	
		Number of share purchase warrants	**Weighted average exercise price $**
Warrants outstanding – beginning of year (1)		-	-
IPO Agents' warrants issued		350,000	0.10
June 2020 NBPP			
	A-Warrants	2,896,422	0.35
	B-Warrants	2,896,422	0.50
	Finders' warrants	341,099	0.35
Warrants exercised		(205,000)	0.10
Warrants outstanding – end of year		6,278,943	0.41

(1) – no warrants activity during the period from February 20, 2019 (incorporation) to July 31, 2019.

Agents' Warrants
Pursuant to the closing of the March 2020 IPO, the Company issued 350,000 Agents' Warrants. Each Agent Warrant is exercisable for a period of two years at an exercise price of $0.10 per Agent Warrant.

The weighted average fair value of the Agents' Warrants was estimated to be $0.05 per warrant at the grant dates using the Black-Scholes option-pricing model based on the following assumptions:

Exercise price ($)	0.10
Risk free interest rate (%)	0.72
Expected life (years)	2.0
Expected volatility (%)	100.0

As at July 31, 2020, there were 145,000 Agents' Warrants outstanding.

A-Warrants
As part of the June 2020 NBPP Units issued, the Company issued 5,792,844 ½ A-Warrants. Each whole A-Warrant will entitle the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.35 per share for a period of 18 months from the closing of the June 2020 NBPP expiring on December 3, 2021.

In the event the closing price of the Company's common shares on the CSE is equal to or greater than $0.45 per common share for a minimum of ten consecutive trading days commencing four months and one day after the closing of the June 2020 NBPP, the Company may accelerate the expiry date of the A-Warrants by providing notice to the holders thereof and, in such case, the A-Warrants will expire on the 30th day after the date on which such notice is given by the Company.

The weighted average fair value of the A-Warrants was estimated to be $0.02 per warrant at the grant dates using the Black-Scholes option-pricing model based on the following assumptions:

Exercise price ($)	0.35
Risk free interest rate (%)	0.67
Expected life (years)	1.5
Expected volatility (%)	100.0

As at July 31, 2020, there were 2,896,422 A-Warrants outstanding.

B-Warrants
As part of the June 2020 NBPP Units issued, the Company issued 5,792,844 ½ B-Warrants. Each

(Presented in Canadian Dollars)

whole B-Warrant will entitle the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.50 per share for a period of 18 months from the closing of the June 2020 NBPP expiring on December 3, 2021.

In the event the closing price of the Company's common shares on the CSE is equal to or greater than $0.65 per common share for a minimum of ten consecutive trading days commencing four months and one day after the closing of the June 2020 NBPP, the Company may accelerate the expiry date of the B-Warrants by providing notice to the holders thereof and, in such case, the B-Warrants will expire on the 30th day after the date on which such notice is given by the Company.

The weighted average fair value of the B-Warrants was estimated to be $0.01 per warrant at the grant dates using the Black-Scholes option-pricing model based on the following assumptions:

Exercise price ($)	0.50
Risk free interest rate (%)	0.67
Expected life (years)	1.5
Expected volatility (%)	100.0

As at July 31, 2020, there were 2,896,422 B-Warrants outstanding.

Finders' Warrants
The Finder's Warrants issued have the same terms and conditions as the subscriber warrants issued under the June 2020 NBPP. However, they are non-transferable and have an exercise price of $0.35 for a period of eighteen months expiring on December 3, 2021.

Warrants will expire on the 30th day after the date on which such notice is given by the Company.

The weighted average fair value of the B-Warrants was estimated to be $0.02 per warrant at the grant dates using the Black-Scholes option-pricing model based on the following assumptions:

Exercise price ($)	0.35
Risk free interest rate (%)	0.67
Expected life (years)	1.5
Expected volatility (%)	100.0

As at July 31, 2020, there were 341,099 Finders' Warrants outstanding.

(c) **Stock Options**

The Company has in place an incentive share option plan dated November 16, 2019 (the "Option Plan") for directors, officers, employees and consultants to the Company. The Option Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine, within the limitations of the Option Plan, including:

- The maximum number of common shares issuable pursuant to options granted under the Option Plan shall not exceed 10% of the outstanding common shares issued at the date of grant,
- The terms of options are a minimum of one year and a maximum of ten years from the date the option is granted, and
- Vesting terms are determined for each grant by the Company's Board of Directors.

A summary of changes to share options outstanding and exercisable is as follows:

(Presented in Canadian Dollars)

	2020	
	Number of share options	**Weighted average exercise price $**
Options outstanding – beginning of year (1)	-	-
Granted	1,920,000	0.16
Exercised	(700,000)	0.10
Options outstanding – end of year	1,220,000	0.20

(1) – no share options activity during the period from February 20, 2019 (incorporation) to July 31, 2019

The weighted average fair value of the share options granted in the year ended July 31, 2020 was estimated to be $0.10 per option at the grant dates using the Black-Scholes option-pricing model based on the following assumptions:

	Grant Date		
	Nov-19	Jun-20	Jul-20
Exercise price ($)	0.10	0.20	0.42
Dividend yield	–	–	--
Risk free interest rate (%)	1.4	0.7	0.5
Expected life (years)	5.0	3.0	3.0
Forfeiture rate (%)	0.0	0.0	0.0
Expected volatility (%)	100.0	100.0	100.0

Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The volatility was calculated using historical volatility of comparable companies as an expectation of the Company’s future volatility.

The resulting share-based compensation expense for the year ended July 31, 2020 totaled $201,999 (period from February 20, 2019 (incorporation) to July 31, 2019 - $30,000).

8. INCOME TAXES

(a) A reconciliation of income taxes at statutory rates with the reported taxes is as follows

	2020 $	**2019 $**
Loss for the period	**(474,000)**	(75,000)
Statutory tax rate	**27%**	27%
Expected income tax (recovery)	**(128,000)**	(20,000)
Non-deductible permanent differences	**54,000**	8,000
Change in tax assets not recognized	**74,000**	12,000
Total income tax recovery	**–**	–

(Presented in Canadian Dollars)

(b) The significant components of the Company's deferred income tax assets and liabilities at July 31, 2020 and 2019 are as follows:

		2020		2019
Non-capital losses	**$**	**97,000**	$	12,000
Exploration and evaluation assets		**(6,000)**		-
Share issue costs		**46,000**		-
	$	**137,000**	$	12,000

(c) Losses carried forward

The Company has available for deduction against future taxable income non-capital losses carried forward of approximately $361,000 (2019 - $45,000). The non-capital losses, if not utilized, will start to expire in between 2039 and 2040. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

(a) Significant non-cash transactions during the year ended July 31, 2020:

- issued 100,000 common shares with a fair value of $10,000 for the acquisition of the Adam West exploration and evaluation assets;
- issued 100,000 common shares with a fair value of $10,000 for finance fees on the IPO;
- issued 4,000,000 common shares with a fair value of $400,000 for the acquisition of the Coya and Rio Loa exploration and evaluation assets;
- issued agent’s warrants with a fair value of $18,291; and
- issued finder’s warrants with a fair value of $6,000.

(b) Significant non-cash transactions during the period from February 20, 2019 (incorporation) to July 31, 2019;

- exploration and evaluation assets expenditures in accounts payable of $8,378.

10. FINANCIAL RISK FACTORS

(a) Financial risk exposure and risk management

The Company’s activities expose it to a variety of financial risks, which include credit, liquidity, market, foreign exchange, interest rate, and commodity price risks.

Financial risk management is carried out by the Company's management team with oversight from the Company’s Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with a counter-party’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments cash in high credit-quality financial institutions is minimal.

Liquidity risk
As of July 31, 2020, the Company had a cash balance of $394,491 (2019 – $162,653) to settle current liabilities of $42,947 (2019 - $32,078). The Company is not exposed to significant liquidity risk. All of the Company's liabilities are due within 90 days of July 31, 2020.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is not exposed to significant interest rate risk.

Foreign currency risk
The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in foreign currency. The Company's property option payments and exploration expenditures on the Chilean properties are in US Dollars and a change in foreign exchange rates will have an effect on profit and loss. The Company is not exposed to significant interest rate risk.

Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

(b) Fair value of financial instruments

IFRS establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3 – valuation techniques with unobservable market inputs (involves assumptions and estimates by management of how market participants would price the assets or liabilities).

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and valuation techniques may have a material effect on the estimated fair value amounts.

The fair values of cash and accounts payable and accrued liabilities approximate carrying value because of their short-term nature.

(Presented in Canadian Dollars)

At July 31, 2020, the Company had no financial instruments that would be categorized as Level 2 in the fair value hierarchy above.

11. SEGMENTED INFORMATION

The Company has two reportable geographical segments. Canada is the Company's principal operating business and includes its Adam West Project, the Canadian corporate office and the Company's management while Chile includes the Rio Loa, Coya and Apolo Projects.

The Company's reportable segments are based on management's property investments and strategic plans for the foreseeable future.

Loss for the annual periods and total assets by segments are as follows:

	2020 **$**	**2019** **$**
Loss		
Canada	**473,990**	75,415
Chile	**-**	-
	473,990	75,415

	2020 **$**	**2019** **$**
Total assets		
Canada	**592,250**	262,664
Chile	**657,813**	-
	1,250,063	262,664

12. CAPITAL MANAGEMENT

The Company defines capital that it manages as the aggregate of share capital, reserves and deficit.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. 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 Company relies on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is enough 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. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the period.