MAKARA MINING CORP.

ANNUAL FINANCIAL STATEMENTS

December 31, 2020

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Makara Mining Corp.

Opinion

We have audited the financial statements of Makara Mining Corp. ("the Company"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the periods 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 December 31, 2020 and December 31, 2019, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 2 to the financial statements which describes the material uncertainty 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:

- 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 audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's 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 auditor's 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 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 auditor's report is Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 30, 2021

MAKARA MINING CORP.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019
ASSETS		
Current		
Cash and cash equivalents	$ 447,352	$ 338,997
Amount receivable	46,151	1,239
Prepaid expenses (Note 7)	31,952	-
	525,455	340,236
Equipment	2,912	-
Exploration and evaluation assets (Note 5)	334,101	40,000
	$ 862,468	$ 380,236
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 33,295	$ 14,567
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	5,799,671	419,925
Contributed surplus	136,903	-
Deficit	(5,107,401)	(54,256)
	829,173	365,669
	$ 862,468	$ 380,236

Going concern (Note 2)
Commitments (Notes 5 and 6)
Subsequent events (Notes 5, 6, and 11)

APPROVED ON BEHALF OF THE BOARD:

"Andrew H. von Kursell"	Director	*"Grant Hendrickson"*	Director
Andrew H. von Kursell		Grant Hendrickson	

See accompanying notes to financial statements

MAKARA MINING CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the year ended December 31, 2020 and
for the period from September 17, 2019 (date of incorporation) to December 31, 2019
(Expressed in Canadian Dollars)

	For the year ended December 31, 2020	Period from September 17, 2019 to December 31, 2019
Administrative expenses		
Advertising and promotion	$ 74,339	$ -
Consulting fees (Note 7)	3,597,095	14,750
Depreciation	75	-
Filing fees	32,352	-
General exploration costs (Note 5)	900,533	15,000
Impairment of exploration and evaluation assets (Note 5)	40,000	-
Office and general	15,804	1,106
Professional fees	173,006	8,400
Rent	1,483	-
Share-based payments (Notes 6 and 7)	136,903	15,000
Shareholder information	18,484	-
Transfer agent	7,811	-
Travel	34,860	-
Website	20,400	-
Net loss and comprehensive loss for the period	$ (5,053,145)	$ (54,256)
Basic and diluted loss per share	$ (0.20)	$ (0.01)
Weighted average number of common shares outstanding	24,655,050	5,461,866

See accompanying notes to financial statements

MAKARA MINING CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2020 and period ended December 31, 2019
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Special Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, September 17, 2019	1	$ -	$ -	$ -	$ -	$ -
Incorporator share returned to treasury	(1)	-	-	-	-	-
Share issuances						
Private placement (Note 6)	1,000,000	20,000	-	-	-	20,000
Private placement (Note 6)	9,999,633	199,993	-	-	-	199,993
Private placement (Note 6)	3,998,640	199,932	-	-	-	199,932
Net loss for the period	-	-	-	-	(54,256)	(54,256)
Balance, December 31, 2019	14,998,273	$ 419,925	$ -	$ -	$ (54,256)	$ 365,669
Balance, December 31, 2019	14,998,273	$ 419,925	$ -	$ -	$ (54,256)	$ 365,669
Special warrants subscription received	-	-	209,841	-	-	209,841
Conversion of special warrants	2,098,413	209,841	(209,841)	-	-	-
Share issuances						
Private placement (Note 6)	6,814,332	1,703,583	-	-	-	1,703,583
Exercise of warrants	10,996,885	3,286,462	-	-	-	3,286,462
Exercise of finders' warrants	139,440	135,220		(65,500)	-	69,720
Share issue cost - cash	-	(34,860)	-	-	-	(34,860)
Finders' warrants issued	-	(65,500)	-	65,500	-	-
Shares issued pursuant to option agreements (Note 6)	125,000	145,000	-	-	-	145,000
Share-based payments (Note 6)	-	-	-	136,903	-	136,903
Net loss for the year	-	-	-	-	(5,053,145)	(5,053,145)
Balance, December 31, 2020	35,172,343	$ 5,799,671	$ -	$ 136,903	$ (5,107,401)	$ 829,173

See accompanying notes to financial statements

MAKARA MINING CORP.
STATEMENTS OF CASH FLOWS
For the year ended December 31, 2020 and
for the period from September 17, 2019 (date of incorporation) to December 31, 2019
(Expressed in Canadian Dollars)

	For the year ended December 31, 2020	Period from September 17, 2019 to December 31, 2019
Operating Activities		
Net loss for the period	$ (5,053,145)	$ (54,256)
Items not affecting cash:		
Depreciation	75	-
Impairment of exploration and evaluation assets	40,000	-
Share-based payments	136,903	15,000
Changes in non-cash working capital items related to operations:		
Amount receivable	(44,912)	(1,239)
Prepaid expenses	(31,952)	-
Accounts payable and accrued liabilities	18,728	14,567
Cash used in operating activities	(4,934,303)	(25,928)
Investing Activities		
Equipment	(2,987)	-
Mineral property acquisitions	(189,101)	(40,000)
Cash used in Investing activities	(192,088)	(40,000)
Financing Activities		
Shares issued for cash	5,269,606	404,925
Share issue costs	(34,860)	-
Cash provided by financing activities	5,234,746	404,925
Change in cash during the period	108,355	338,997
Cash and cash equivalents, beginning of period	338,997	-
Cash and cash equivalents, end of the period	$ 447,352	$ 338,997
Cash and cash equivalents consist of:		
Cash	$ 447,352	$ 322,556
Cash held in trust	-	16,441
	$ 447,352	$ 338,997
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Non-cash financing and investing transactions		
Exploration and evaluation asset	$ 145,000	$ -
Share Capital	$ 145,000	$ -

See accompanying notes to financial statements

1. CORPORATE INFORMATION

The Company is a mineral property exploration company whose common shares trade on the Canadian Securities Exchange ("CSE"). On April 28, 2020, the Company received a receipt from the British Columbia Securities Commission for its long-form prospectus dated April 27, 2020 and commenced trading on the CSE on May 4, 2020 under the trading symbol "MAKA".

The Company was incorporated on September 17, 2019 in British Columbia. The head office of the Company is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 1T2 and its registered and records office is located at 6th Floor, 905 West Pender Street, Vancouver, British Columbia, Canada, V6C 1L6.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 30, 2021.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At December 31, 2020, the Company has not achieved profitable operations, has accumulated losses of $5,107,401 since inception and expects to incur further losses in the development of its business.

2. BASIS OF PREPARATION – (cont'd)

(c) Going Concern – (cont'd)

In March 2020, there was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the financial statements, unless otherwise indicated.

Cash and Cash Equivalents

Cash include cash on hand that is readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at December 31, 2020, the Company had $Nil (2019 - $16,441) held in trust with its legal counsel.

Exploration and Evaluation Assets

Exploration and evaluation rights to explore

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and development costs are capitalized to "mines under construction" on the statement of financial position. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Exploration and evaluation expenditures

Exploration and evaluation ("E & E") expenditures are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Exploration and Evaluation Assets – (cont'd)

Mining tax credits

Mineral exploration tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mineral tax credits are earned in respect to exploration costs incurred in the Yukon, Canada and are recorded as a reduction of the related exploration expenditures.

Equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. The residual value, useful life and depreciation method are evaluated every reporting period and changes to the residual value, estimated useful life or depreciation method resulting from such review are accounted for prospectively. Depreciation is provided for using the declining-balance method at 20% per annum with a half year rule at the year of acquisition.

Impairment of Assets

The Company's assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the profit or loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that 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.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Instruments

Financial Assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. These are the measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measures at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets classified at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income (loss). When the financial instrument is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss in the period which it arises.

The Company's cash and cash equivalents are measured at amortized cost.

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 of 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 income (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.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Instruments – (cont'd)

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, as financial liabilities held at amortized cost.

Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The potentially dilutive instruments had an anti-dilutive effect accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Share Capital

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the date of issuance once the shares are listed on a stock exchange. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant using the Black-Scholes valuation model and recorded as compensation expense in profit or loss, with a corresponding increase to reserves. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of stock options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments, along with the amounts reflected in reserves, is credited to share capital. Shares are issued from treasury upon the exercise of the equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was determined based on the historical trading prices of the Company.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Amounts reflected in reserves for stock options which expire unexercised remain in reserves.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. Amount recorded in reserves for share options which expire unexercised remain in reserves.

Government grants and assistance

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and adjustments, if any, resulting from such a review are recorded in the period that the tax filings are amended.

Accounting standards and amendments

The following new standards and amendments are not yet effective and have not been applied in preparing these financial statements. The Company does not expect the adoption of this standard to have a significant impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Accounting standards and amendments – (cont'd)

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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

Critical judgments in applying accounting policies

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

Exploration and Evaluation Asset and Impairment

The application of the Company's accounting policy for exploration and evaluation assets and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgement. See Note 2(c).

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title or interest therein. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – (cont'd)

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. EXPLORATION AND EVALUATION ASSETS

	Kenora Gold Property	Rude Creek Property	Win Property	Idaho Property	Davis and Paradise Properties	Total
Deferred costs						
Balance, September 17, 2019	$ -	$ -	$ -	$ -	$ -	$ -
Cash payment	40,000	-	-	-	-	40,000
Balance, December 31, 2019	40,000	-	-	-	-	40,000
Cash payment		50,000	-	5,000	98,101	153,101
Shares issued	-	-	-	38,000	107,000	145,000
Staking cost	-	-	36,000	-	-	36,000
Impairment	(40,000)	-	-	-	-	(40,000)
Balance, December 31, 2020	$ -	$ 50,000	$ 36,000	$ 43,000	$ 205,101	$ 334,101

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – (cont'd)

	Total cumulative expenditure to September 17, 2019	Exploration Expenditures December 31, 2019	Total cumulative expenditure to December 31, 2019	Exploration Expenditures to December 31, 2020	Total cumulative expenditure to December 31, 2020
Kenora Gold Property					
Exploration expenditures					
Geological	$ -	$ 15,000	$ 15,000	$ 97,345	$ 112,345
	-	15,000	15,000	97,345	112,345
Rude Creek and Win Properties					
Exploration expenditures					
Assays	-	-	-	123,895	123,895
Drilling	-	-	-	374,585	374,585
Field and miscellaneous	-	-	-	15,514	15,514
Geological	-	-	-	142,296	142,296
Geological report	-	-	-	16,000	16,000
	-	-	-	672,290	672,290
Idaho Property					
Exploration expenditures					
Assays	-	-	-	4,168	4,168
Contractors and suppliers	-	-	-	32,171	32,171
Field and miscellaneous	-	-	-	3,966	3,966
Labour	-	-	-	15,981	15,981
Supervision fees	-	-	-	3,388	3,388
	-	-	-	59,674	59,674
Davis and Paradise Claims					
Exploration expenditures					
Assays	-	-	-	347	347
Drilling	-	-	-	7,991	7,991
Field and miscellaneous	-	-	-	9,458	9,458
Geological	-	-	-	22,814	22,814
Supervision	-	-	-	6,468	6,468
Surveying	-	-	-	24,146	24,146
				71,224	71,224
Total	$ -	$ 15,000	$ 15,000	$ 900,533	$ 915,533

Kenora Gold Property

By a mineral property option agreement dated November 24, 2019, the Company may acquire up to a 100% interest in the Kenora Gold Property. This property consists of 40 mineral tenures and is located in the Kenora Mining Region, Ontario. As consideration, the Company will pay cash of $110,000, issue 700,000 common shares of the Company and incur $360,000 in exploration expenditures as follows:

a) Cash payment of $40,000 within seven days of signing of the Agreement (paid);
b) Incur a minimum of $110,000 in exploration expenditures within the first year from the agreement date (November 24, 2020) (incurred);

5. EXPLORATION AND EVALUATION ASSETS – (cont'd)

Kenora Gold Property – (cont'd)

c) Cash payment of $30,000 and issuance of 300,000 common shares of the Company on the first anniversary of the listing of the Company on the CSE (May 4, 2021); and

d) Cash payment of $40,000, issuance of 400,000 common shares of the Company and incur a minimum of $250,000 in exploration expenditures on or before the second anniversary date of the agreement (November 24, 2021).

Should the Company acquire 100% of the property, the optionor will retain a 1% net smelter returns royalty, one half of which may be purchased by the Company for $500,000. The property is also subject to an aggregate of 4.5% in net smelter returns royalties in favour of previous owners of the property.

Subsequent to the year-end, management determined there is uncertainty with respect to whether the Company will continue exploring the property, and as a result, an impairment charge of $40,000 was recognized for the year ended December 31, 2020.

Rude Creek Property

By a mineral property option agreement dated May 11, 2020, the Company may acquire up to a 70% interest in the Rude Creek Property. This property consists of 204 mineral claims covering 4,157 hectares in the Whitehorse Mining District in the Yukon Territory. As consideration, the Company will pay cash of $125,000, issue 3,750,000 common shares of the Company and fund aggregate expenditures of $3,175,000 as follows:

a) Cash payment of $50,000 on the effective date (paid);
b) Complete a going public transaction and fund expenditures on the property of at least $175,000 (incurred) on or before September 30, 2020;
c) Cash payment of $25,000 (paid) and issue 1,000,000 common shares on or before March 1, 2021 (subsequently issued);
d) Fund expenditures on the property of at least $500,000 on or before September 30, 2021;
e) Cash payment of $25,000 and issue 1,250,000 common shares on or before March 1, 2022;
f) Fund expenditures on the property of at least $1,000,000 on or before September 30, 2022;
g) Cash payment of $25,000 and issue 1,500,000 common shares on or before March 1, 2023; and
h) Fund expenditures on the property of $1,500,000 on or before September 30, 2023.

Should the Company acquire 70% of the property, the optionor will retain a 3% net smelter returns royalty, 1% of which may be purchased by the Company for $2,000,000.

Win Property

On September 21, 2020, the Company staked an additional 127 claims (Win Claims) which is contiguous with the southern boundary to the Rude Creek Property for a total of $36,000.

Idaho Property

By a property option agreement dated August 19, 2020, the Company may earn a 100% interest in the Idaho property. The property consists of 58 mineral tenures located in the Whitehorse Mining District in the Yukon Territory. As consideration, the Company will pay of $150,000, issue 750,000 common shares of the Company and incur aggregate expenditures of $2,000,000 as follows:

5. EXPLORATION AND EVALUATION ASSETS – (cont'd)

Idaho Property – (cont'd)

a) Cash payment of $5,000 (paid) and issuance of 25,000 common shares (issued) of the Company upon execution of this agreement;
b) Incur $50,000 in exploration expenditures on or before December 1, 2020 (incurred);
c) Cash payment of $10,000 and issuance of 50,000 common shares of the Company on or before May 1, 2021;
d) Incur an additional $100,000 in exploration expenditures on or before December 1, 2021;
e) Cash payment of $20,000 and issuance of 100,000 common shares of the Company on or before May 1, 2022;
f) Incur an additional $150,000 in exploration expenditures on or before December 1, 2022;
g) Cash payment of $25,000 and issuance of 250,000 common shares of the Company on or before May 1, 2023;
h) Incur an additional $500,000 in exploration expenditures on or before December 1, 2023;
i) Cash payment of $90,000 and issuance of 325,000 common shares of the Company on or before May 1, 2024; and
j) Incur an additional $1,200,000 in exploration expenditures on or before December 1, 2024.

Should the Company acquire 100% of the property, the optionor will retain a 2% net smelter returns royalty, 1% of which may be purchased by the Company for $1,000,000.

Davis and Paradise Properties

By an option agreement dated September 10, 2020, the Company may earn a 60% interest in the Davis and Paradise Valley claim blocks located in Nye county, Nevada from Almadex Minerals Ltd. ("Almadex"). The property encompasses 900 hectares consisting of two contiguous parcels of land comprising of 34 Davis claims and 79 Paradise Valley claims. As consideration, the Company will pay US$25,000, reimburse annual claim fees, issue 3,500,000 common shares of the Company and incur aggregate expenditures of US$3,500,000 as follows:

a) Pay to the Optionor US$25,000 (paid) on the effective date and satisfy all underlying obligations, including payment of annual claim fees due in September 2020 (paid) and issue 100,000 common shares of the Company on the effective date (issued);
b) Issuance of 400,000 common shares of the Company on or before the 1st anniversary date;
c) Issuance of 500,000 common shares of the Company on or before the 2nd anniversary date;
d) Issuance of 500,000 common shares of the Company on or before the 3rd anniversary date;
e) Issuance of 500,000 common shares of the Company on or before the 4th anniversary date;
f) Issuance of 1,500,000 common shares of the Company on or before the 5th anniversary date.
g) Incur exploration expenditures of not less than an aggregate of US$250,000 in exploration expenditures on or before the 1st anniversary date and must incur not less than an aggregate US$250,000 in exploration expenditures on or before each successive anniversary date and not less than an aggregate US$3,500,000 in exploration expenditures on or before the 5th anniversary date.

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

6. SHARE CAPITAL – (cont'd)

(b) Issued

During the year ended December 31, 2020:

On February 7, 2020, the Company issued an aggregate of 2,098,413 Special Warrants at a price of $0.10 per Special Warrant and received gross proceeds of $209,841. Each Special Warrant entitles the holder to acquire, without further payment, one unit. Each unit is comprised of one common share of the Company and one warrant, exercisable into one common share of the Company at an exercise price of $0.20 for two years from the date the Company's shares commence trading on the CSE. Each Special Warrant will automatically convert at 5:00 p.m. (Vancouver time) on the date that is the earlier of: (a) the third business day after the date on which a receipt for a final prospectus to qualify for distribution the units is received by the Company from the British Columbia Securities Commission; and (b) one year from the issuance date. On May 4, 2020, 2,098,413 Special Warrants were converted into 2,098,413 units. Each unit is comprised of one common share of the Company and one warrant, exercisable into one common share of the Company at an exercise price of $0.20 expiring on May 3, 2022.

On May 22, 2020, the Company completed a non-brokered private placement of 6,814,332 units at a price of $0.25 per unit for total proceeds of $1,703,583. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.50 per share expiring three years from the date of issuance. In connection with the private placement the Company paid a cash finder's fee $34,860 and issued 139,440 finders' warrants exercisable at $0.50 for a period of three years from the date of issuance. These finder's warrants were fair valued at $65,500 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.29%; dividend yield of 0%; volatility of 100% and expected life of three years and a stock price of $0.25.

On September 4, 2020, pursuant to the terms of the August 19, 2020 property option agreement, the Company issued 25,000 common shares fair valued at $38,000.

On September 22, 2020, pursuant to the terms of the September 10, 2020 property option agreement with Almedex, the Company issued 100,000 common shares fair valued at $107,000.

On November 13, 2020, the Company issued 139,440 common shares pursuant to the exercise of finders' warrants for total proceeds of $69,720. The Company also transferred $65,500 from contributed surplus.

During the year ended December 31, 2020, the Company issued an aggregate of 10,996,885 common shares pursuant to the exercise of share purchase warrants for total proceeds of $3,286,462.

During the period ended December 31, 2019:

On September 17, 2019, the Company issued 1 common share for total proceeds of $0.10, which was returned to treasury on October 4, 2019.

On October 4, 2019, the Company issued 1,000,000 common shares at $0.005 per share for total proceeds of $5,000 and recognized a share-based payment of $0.015 per share for a total of $15,000. The 1,000,000 common shares will be held in escrow for two years from the date the Company's shares commence trading on the CSE.

On November 21, 2019, the Company issued 9,999,633 common shares at $0.02 per share for total proceeds of $199,993.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL – (cont'd)

(b) Issued – (cont'd)

During the period ended December 31, 2019: - (cont'd)

On December 12, 2019, the Company issued 3,998,640 units at $0.05 per unit for total proceeds of $199,932. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at $0.10 per share expiring two years from the date the Company's shares commence trading on the CSE.

(c) Share Purchase Warrants

The changes in share purchase warrants were as follows:

	December 31, 2020	Weighted Average Exercise Price	December 31, 2019	Weighted Average Exercise Price
Balance, beginning of period	3,998,640	$0.10	-	$0.00
Issued	8,912,745	0.43	3,998,640	0.10
Exercised	(10,996,885)	0.30	-	-
Balance, end of period	1,914,500	$0.49	3,998,640	$0.10

As at December 31, 2020, the Company had 1,914,500 share purchase warrants outstanding as follows:

Number of Warrants	Exercise Price	Expiry Date
58,500	$0.20	May 3, 2022
1,856,000	$0.50	May 22, 2023
1,914,500		

Subsequent to December 31, 2020, 1,000 share purchase warrants were exercised for total proceeds of $200.

(d) Finders' warrants

The changes in finders' warrants were as follows:

	December 31, 2020	Weighted Average Exercise Price	December 31, 2019	Weighted Average Exercise Price
Balance, beginning of period	-	$ -	-	$ -
Issued	139,440	0.50	-	-
Exercised	(139,440)	0.50	-	-
Balance, end of period	-	$ -	-	$ -

(Expressed in Canadian Dollars)

6. SHARE CAPITAL – (cont'd)

(e) Stock Options – (cont'd)

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of ten years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares.

On October 27, 2020, the Company granted 510,000 stock options to directors and officers of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at $0.93 per share expiring on October 27, 2025. The stock option vest as follows: 97,500 stock options on the date of grant, 153,000 stock options on October 27, 2021, 185,500 stock options on October 27, 2022 and 74,000 stock options on October 27, 2023. The fair value of the stock options of $351,900 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of $0.93; Risk-free interest rate of 0.36%; Dividend yield of 0%; Expected life of 5 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended December 31, 2020, the Company recorded $136,903 in share-based payments.

The changes in stock options were as follows:

	December 31, 2020	Weighted Average Exercise Price	December 31, 2019	Weighted Average Exercise Price
Balance, beginning of period	-	$ -	-	$ -
Issued	510,000	0.93	-	-
Balance, end of period	510,000	$0.93	-	$ -

As at December 31, 2020, the Company had 510,000 stock options outstanding as follows:

Number of Stock Options	Exercisable	Exercise Price	Expiry Date
510,000	97,500	$0.93	October 27, 2025

(f) Escrow Shares

Pursuant to the subscription agreements pursuant to which such shares were issued by the Company, the 1,000,000 common shares issued on October 4, 2019 will be held in escrow for two years from the date the Company's shares commence trading on the CSE. In addition, pursuant to an escrow agreement entered into between the Company and the holders of such shares, such shares are placed into escrow to be released as to 10% on the Listing Date with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the Listing Date. As at December 31, 2020, 750,000 (2019 – 1,000,000) common shares are in escrow with the next release on May 4, 2021.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL – (cont'd)

(g) Commitment

On December 9, 2020, the Company agreed to grant 600,000 Restricted Share units ("RSU") to Grant Hendrickson for the issuance of up to 600,000 common shares. These RSU vest at 200,000 on February 9, 2021, 200,000 on April 9, 2021 and 200,000 on June 9, 2021. Subsequent to December 31, 2020, the Company issued 400,000 common shares.

7. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

			For the year ended December 31, 2020		Period from September 17, 2019 to December 31, 2019
Consulting fees	Andrew H. von Kursell, CFO	$	30,000	$	6,000
	Grant A. Hendrickson, President and CEO		31,000		-
	John Arthur Fiddick, Former Director		14,000		-
	Hugh Maddin, Director		4,000		-
	Peter Espig, Former Director		10,000		-
	Stefan Szary, Director		1,500		-
			90,500		6,000
Share-based payments	Andrew H. von Kursell, CFO		40,266		12,000
	Grant A. Hendrickson, President and CEO		46,976		3,000
	Hugh Maddin, Director		26,844		-
	Stefan Szary, Director		22,817		-
			136,903		15,000
		$	227,403	$	21,000

On November 1, 2019, the Company entered into a consulting agreement with Andrew von Kursell for consulting services for a period of one year at a monthly rate of $2,000 per month which shall automatically be renewed on the same terms and conditions from month to month until terminated.

Included in prepaid expenses is $20,189 (2019 - $Nil) paid to directors of the Company for advances on expenses and consulting fees. Included in accounts payable is $2,443 (2019 – $Nil) owed to a director of the Company for field visits.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and cash equivalents and 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the year ended December 31, 2020.

9. FINANCIAL INSTRUMENTS AND RISKS

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at December 31, 2020, the Company had a working capital of $492,160.

9. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Interest rate risk

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 earnings 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 earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit Risk

Financial instruments that potentially expose the Company to credit risk is cash and cash equivalents. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Fair Values

The Company's financial instruments include cash and cash equivalents and accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian Dollars)

10. INCOME TAXES

The difference between tax expense for the period and the expected income taxes based on the statutory tax rates arises as follows:

	For the year ended December 31, 2020	Period from September 17, 2019 to December 31, 2019
Loss before tax	$ (5,053,145)	$ (54,256)
Income tax recovery at local statutory rates – 27%	$ (1,364,500)	$ (14,700)
Permanent differences	37,000	4,100
Change in unrecognized tax benefits not recognized	1,327,500	10,600
	$ -	$ -

The nature and tax effect of the taxable temporary differences giving rise to deferred tax assets are summarized as follows:

	For the year ended December 31, 2020	Period from September 17, 2019 to December 31, 2019
Non-capital losses	$ 1,081,900	$ 6,500
Undeducted finance cost	7,500	-
Resource properties	258,000	4,100
Unrecognized deferred tax assets	(1,347,400)	(10,600)
	$ -	$ -

As at December 31, 2020, the Company has Canadian exploration and development expenses of approximately $1,289,600 (2019 - $55,000) and estimated non-capital losses of $4,006,900 (2019 - $24,300) for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years, and if not utilized the non-capital loss will commence expiration in 2040.

11. SUBSEQUENT EVENTS

On March 17, 2021, the Company granted 487,500 stock options to directors, officers and consultants. These stock options are exercisable at $0.38 per share until March 16, 2025. 50% of the stock options will vest in 6 months, and 50% will vest in 12 months.

The Company also granted these individuals 487,500 RSU for the issuance of 487,500 common shares. 50% of the RSU vested immediately, and 50% will vest in 6 months.