CLARITY GOLD CORP.
(formerly 1222991 B.C. Ltd.)

CONDENSED INTERIM FINANCIAL STATEMENTS

NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020

(Expressed in Canadian Dollars)

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of Clarity Gold Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

CLARITY GOLD CORP. (formerly 1222991 B.C. Ltd.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Note		September 30, 2020		December 31, 2019
ASSETS					
CURRENT ASSETS					
Cash		$	790,163	$	145,451
GST receivable			39,056		4,022
Prepaid expenses	3		136,514		-
			965,733		**149,473**
Exploration and evaluation assets	4,9		645,744		90,449
TOTAL ASSETS		$	**1,611,477**	$	**239,922**
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	5,8	$	142,996	$	125,726
			142,996		125,726
TOTAL LIABILITIES			**142,996**		**125,726**
SHAREHOLDERS' EQUITY					
Share capital	6		2,226,795		154,245
Reserves	6		542,865		-
Accumulated deficit			(1,301,179)		(40,049)
			1,468,481		**114,196**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	**1,611,477**	$	**239,922**

Approved on behalf of the Board of Directors on November 17, 2020:

"Andrew Male" Director *"Theo van der Linde"* Director

The accompanying notes are integral to these condensed interim financial statements

CLARITY GOLD CORP. (formerly 1222991 B.C. Ltd.)
CONDENSED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Note	For the three month period ended September 30, 2020	From inception on September 11, 2019 to September 30, 2019	For the nine month period ended September 30, 2020	From inception on September 11, 2019 to September 30, 2019
Expenses					
Bank services fees		$ 624	$ -	$ 860	$ -
Consulting fees		533,865	-	588,865	-
Office and administration		33,584	-	45,087	-
Professional fees		35,561	1,920	140,254	1,920
Registration and filing fees		6,388	-	35,445	-
Shareholder communications		10,273	-	18,224	-
Share-based compensation	6	429,705	-	429,705	-
Transfer agent		630	-	2,690	-
Total expenses		$ (1,050,630)	$ (1,920)	$ (1,261,130)	$ (1,920)
Net loss and comprehensive loss for the period		$ (1,050,630)	$ (1,920)	$ (1,261,130)	$ (1,920)
Basic and diluted loss per share for the period		**(0.05)**	**(0.00)**	**(0.09)**	**(0.00)**
Weighted average number of common shares outstanding		**19,573,076**	**500,000**	**13,309,208**	**500,000**

The accompanying notes are integral to these condensed interim financial statements

CLARITY GOLD CORP. (formerly 1222991 B.C. Ltd.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Share Capital				
	Number of shares	Amount	Reserves	Deficit	Total
Balance at September 11, 2019 (inception)	-	$ -	$ -	$ -	$ -
Share issued for cash	500,000	2,500	-	-	2,500
Net loss for the period	-	-	-	(1,920)	(1,920)
Balance at September 30, 2019	500,000	$ 2,500	$ -	$ (1,920)	$ 580
Balance at December 31, 2019	9,650,000	$ 154,245	$ -	$ (40,049)	$ 114,196
Share issued for cash	9,458,000	1,894,900	-	-	1,894,900
Shares issued for exercised agent options	13,500	2,363	-	-	2,363
Fair value reclassification pursuant to exercised agent options	-	1,233	(1,233)	-	-
Share issue costs	-	(186,553)	-	-	(186,553)
Shares issued for acquisition of exploration and evaluation assets	1,250,000	475,000	-	-	475,000
Share-based compensation	-	-	429,705	-	429,705
Fair market value of issued agent options	-	(114,393)	114,393	-	-
Net loss for the period	-	-		(1,261,130)	(1,261,130)
Balance at September 30, 2020	20,371,500	$ 2,226,795	$ 542,865	$ (1,301,179)	$ 1,468,481

The accompanying notes are integral to these condensed interim financial statements

CLARITY GOLD CORP. (formerly 1222991 B.C. Ltd.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Nine month period ended September 30, 2020	From inception on September 11, 2019 to September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (1,261,130)	$ (1,920)
Item not affecting cash:		
Share-based compensation	429,705	-
Net changes in non-cash working capital accounts		
Increase in GST receivable	(35,034)	-
Increase in prepaid expenses	(136,514)	-
Increase in accounts payable and accrued liabilities	17,270	1,920
Net cash used in operating activities	**(985,703)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	1,894,900	2,500
Shares issued for exercised agent options	2,363	-
Share issue costs	(186,553)	-
Net cash provided by financing activities	**1,710,710**	**2,500**
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation costs	(80,295)	-
Net cash used in investment activities	**(80,295)**	**-**
Increase in cash during the period	**644,712**	**2,500**
Cash, beginning of the period	**145,451**	**-**
Cash, end of the period	$ **790,163**	$ **2,500**

Note 9 – Supplemental disclosures with respect to cash flows.

The accompanying notes are integral to these condensed interim financial statements

1. NATURE OF OPERATIONS

Clarity Gold Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 11, 2019. On November 1, 2019 the Company changed its name from 1222991 B.C. Ltd. to Clarity Gold Corp. The Company's head office and registered office are located at 915 – 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

On June 25, 2020, the Company completed its initial public offering ("IPO") by issuing 6,900,000 common shares at $0.175 per share for gross proceeds of $1,207,500. On June 29, 2020, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "CLAR". On July 1, 2020, the Company's common shares commenced trading on the OTC Pink Sheets Market under the trading symbol "CLGCF".

The Company is a Canadian mineral exploration company focused on the acquisition, exploration and development of gold projects in Canada.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether its projects contain reserves that are economically recoverable. The recoverability of amounts recorded for the exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves. The Company's future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, competition and global market conditions.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the period from inception on September 11, 2019 to December 31, 2019 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements have been prepared following the same accounting policies applied to the Company's audited financial statements.

Basis of measurement

These condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. In addition, these condensed interim financial statements have been prepared on the historical-cost basis, except for certain financial assets and financial liabilities.

Foreign currency translation

The Company's reporting and functional currency of all its operations is the Canadian Dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency determination was conducted through an analysis of consideration factors identified in IAS 21, The Effect of Changes in Foreign Exchange Rates.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Going concern assumption

These condensed interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company is in the process of exploring the Empirical, Gretna Green, and Tyber Projects and it has not yet determined whether the properties contain reserves that are economically recoverable. As at September 30, 2020 the Company had not advanced any properties to commercial production and is now able to finance day to day activities through operations as a result of completing its IPO and recent private placement. During the nine month period ended September 30, 2020, the Company incurred a net loss and comprehensive loss of $1,261,130 (From Inception, September 11, 2019 to September 30, 2019 - $1,920) and, as of that date, had an accumulated deficit of $1,301,179 (December 31, 2019 - $40,049) and working capital of $882,737 (December 31, 2019 - $23,747). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors form a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company has been successful in the past in raising funds for exploration, but there is no assurance that it will be able to continue to do so.

These condensed interim financial statements do not give effect to the adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances; however, actual outcomes can differ from these estimates.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these financial statements are discussed below:

Impairment of Exploration and Evaluation assets - Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

In respect of costs incurred for its exploration and evaluation assets, management has determined that the evaluation, development and related costs incurred, which have been capitalized, continue to be appropriately recorded on the statements of financial position at its carrying value as management has determined there are no indicators of impairment for its exploration and evaluation assets as at September 30, 2020.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Significant accounting judgments, estimates and assumptions *(continued)*

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

Share-based compensation - Share-based compensation to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined the fair value of the goods or services cannot be reliably measured, they are recorded to the option reserve at the date the goods or services are received. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration shall be based on the number of equity instruments that eventually vest.

Treatment of deferred financing costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Management applies significant judgment to determine whether the completion of the transaction is considered likely.

3. PREPAID EXPENSES

	September 30, 2020	December 31, 2019
Corporate development fees	$ 120,624	$ -
Director and officer liability insurance	5,890	-
Office security deposit	10,000	-
	$ 136,514	$ -

In August 2020, the Company entered into agreements with two arm's length companies to provide corporate development services over the next six months. The prepaid corporate development fees also include $8,500 for marketing and advertising.

4. EXPLORATION AND EVALUATION ASSETS

Empirical Project

The initial Empirical Project ("Empirical") consists of three unpatented mineral claims totaling 5,401.35 hectares which are located in the Lillooet Mining Division of British Columbia, Canada. The Empirical claims were recorded with British Columbia's Mineral Titles Online as being owned by James Rogers, the Company's Director and CEO as bare trustee in favour of the Optionor but have since been transferred to the Company.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Empirical Project (continued)

On July 2, 2020, the Company paid $7,013 to stake two unpatented mineral claims totaling 4,007.50 hectares, which are adjacent and contiguous to the west and south of the Empirical Project.

On July 5, 2020, the Company acquired an additional unpatented mineral claim covering 1,109.73 hectares, which is adjacent and contiguous to the east of the Empirical Project. As consideration for the acquisition, the Company paid $3,334 cash, and issued 416,667 common shares with a fair value of $158,334 to an arm's length private company.

The Empirical Project now totals 6 unpatented mineral claims covering 10,518.58 hectares.

Pursuant to the terms of the Option Agreement (the "Agreement"), the Company can earn a 100% interest in the initial 3 unpatented Empirical claims by making the following payments to the Optionor:

Terms and Due Dates
Issue 2,000,000 common shares by October 22, 2019 (issued at a value of $10,000)
Pay $50,000 within 5 days of the common shares being approved for listing on a stock exchange (paid on June 29, 2020)
Incur a minimum of $80,000 in exploration costs on Empirical by October 1, 2020 (incurred)
Incur a minimum of $200,000 in exploration costs on Empirical by October 1, 2021
Grant a 2% net smelter royalty ("NSR") to the Option or upon exercise of the Agreement

The NSR is payable following commencement of commercial production. The Company has the right to reduce the NSR from 2% to 1% at any time prior to commencement of commercial production by paying $1,500,000 to the Optionor.

In addition to the terms outlined above, the Agreement contains a 5 km area of influence provision pursuant to which any claims staked by the Company within 5 kilometres of the Empirical property boundary will automatically be included as part of the Agreement and subject to the 2% NSR.

Gretna Green Project

On July 5, 2020, the Company acquired the Gretna Green Project, which is comprised of one mineral claim covering 1,331.13 hectares located 24 kilometres southwest of Port Alberni, British Columbia. As consideration for the acquisition, the Company paid $3,333 cash, and issued 416,667 common shares with a fair value of $158,333 to an arm's length private company.

Tyber Project

On July 5, 2020, the Company acquired the Tyber Project which is comprised of one mineral claim covering 928.70 hectares located 1.4 kilometres south of Arrowsmith Lake, British Columbia. As consideration for the acquisition, the Company paid $3,333 cash, and issued 416,667 common shares with a fair value of $158,333 to an arm's length private company.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSETS (continued)

The following table is a reconciliation of exploration and evaluation costs as at September 30, 2020:

	Empirical Project	Gretna Green Project	Tyber Project	Total expenditures
Acquisition costs, January 1, 2020	$ 10,000	$ -	$ -	$ 10,000
Additions	211,668	161,666	161,666	535,000
Acquisition costs, September 30, 2020	221,668	161,666	161,666	545,000
Exploration and evaluation costs, January 1, 2020	$ 80,449	$ -	$ -	$ 80,449
Additions:				
Administration	500	-	-	500
Assays	-	-	234	234
Field expenditures	62	-	-	62
Geological	2,583	3,333	1,833	7,749
Meals and lodging	1,395	1,277	281	2,953
Staking	7,013	-	-	7,013
Transportation	776	538	470	1,784
Total exploration and evaluation costs additions	12,329	5,148	2,818	20,295
Total exploration and evaluation costs, September 30, 2020	92,778	5,148	2,818	100,744
Total acquisition and exploration and evaluation costs, September 30, 2020	$ 314,446	$ 166,814	$ 164,484	$ 645,744

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020	December 31, 2019
Accounts payable	$ 119,996	$ 85,726
Accrued liabilities	23,000	40,000
	$ 142,996	$ 125,726

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL

Authorized

The authorized share capital consists of an unlimited number of common and preferred shares without par value.

As at September 30, 2020, the total common shares outstanding are 20,371,500 (December 31, 2019 - 9,650,000).

The following is a reconciliation of common shares held in escrow:

	September 30, 2020	December 31, 2019
Shares held in escrow, opening balance	-	-
Shares placed into escrow upon completion of IPO	5,950,000	
10% of shares released from escrow upon commencement of trading on the CSE	(275,000)	-
Shares held in escrow, ending balance	5,675,000	-

The escrow agreements provide that 10% of the 2,750,000 common shares held in escrow were to be released on commencement of trading on the CSE. An additional 15% of the number of securities originally held thereunder shall be released on each of the 6 month, 12 months, 18 months, 24 months, 30 months and 36 months thereafter.

A second escrow agreement provides that 3,200,000 common shares are held in escrow and 25% will be released on October 29, 2020 (released), February 28, 2021, June 29, 2021, October 29, 2021.

These escrow shares may not be transferred, assigned or otherwise dealt without the consent of regulatory authorities.

Share issuances

Nine month period ended September 30, 2020:

On February 13, 2020, the Company completed a private placement of 400,000 common shares at $0.10 per share for gross proceeds of $40,000.

On June 25, 2020, the Company completed its Initial Public Offering ("IPO") of 6,900,000 common shares at $0.175 per share for gross proceeds of $1,207,500. Pursuant to an agency agreement, the Company paid a total of $176,553 in share issue costs for the IPO. The share issue costs were comprised of a 9% agent's commission totalling $108,675, corporate finance fees of $50,000, and $17,878 for due diligence expenses.

The Company issued 621,000 non-transferable agent options with a fair value of $56,721 which were recorded as share issue costs. Each agent option is exercisable into one common share at $0.175 per share until June 25, 2022. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 2 years, and a risk-free rate of 0.30%.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL (continued)

Share issuances (continued)

Nine month period ended September 30, 2020: (continued)

On July 5, 2020, the Company acquired the Tyber, Gretna Green Projects on Vancouver Island, British Columbia, Canada. The Company also acquired additional an additional mineral claim adjacent and contiguous to the east of the Empirical Project. The Company paid $10,000 and issued 1,250,000 common shares with a fair market value of $475,000 to acquire all three of these exploration and evaluation assets.

On July 31, 2020, the Company completed a non-brokered private placement consisting of 2,158,000 Units at a price of $0.30 per Unit for gross proceeds of $647,400. Each Unit was comprised of one common share in the capital of the Company and one half of one share purchase warrant. One full share purchase warrant will be exercisable into one common share at a price of $0.35 per share until July 31, 2022.

The Company paid a $10,000 finder's fee, and issued 79,310 agent options with a fair value of $57,672, which were recorded as share issue costs. Each agent option is exercisable into one common share at a price of $0.30 per share until July 31, 2022. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 2 years, and a risk-free rate of 0.26%.

On September 29, 2020, the Company issued 13,500 common shares pursuant to the exercise of agent options for proceeds of $2,363. The Company reclassified $1,233 from reserves to share capital upon the exercise of the agent options.

Inception on September 11, 2019 to December 31, 2019:

On September 11, 2019, the Company issued 500,000 common shares at $0.005 per share for gross proceeds of $2,500.

On October 1, 2019, the Company issued 2,000,000 common shares valued at $10,000 pursuant to the Empirical Project Option Agreement.

On December 31, 2019, the Company completed a private placement of 7,150,000 common shares at $0.02 per share for gross proceeds of $143,000. The Company paid $1,255 for finder's fees in connection with this private placement and included the fee in share issue costs.

Warrants

The following is a summary of the Company's warrant activity:

	Number of warrants #	Weighted average exercise price $
Balance, December 31, 2019	**-**	**-**
Issued	1,079,000	0.35
Balance, September 30, 2020	**1,079,000**	**0.35**

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL (continued)

Warrants (continued)

As of September 30, 2020, the Company had warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price $	Number of warrants
July 31, 2022	0.35	1,079,000
		1,079,000

Agent options

The following is a summary of the Company's agent options activity:

	Number of agent options #	Weighted average exercise price $
Balance, December 31, 2019	**-**	**-**
Issued	700,310	0.19
Exercised	(13,500)	0.175
Balance, September 30, 2020	**686,810**	**0.19**

As of September 30, 2020, the Company had agent options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price $	Number of agent options
June 25, 2022	0.175	607,500
July 31, 2022	0.30	79,310
		686,810

Options

The following is a summary of the Company's options activity:

	Number of options #	Weighted average exercise price $
Balance, December 31, 2019	**-**	**-**
Granted	700,000	1.05
Balance, September 30, 2020	**700,000**	**1.05**

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL (continued)

Options (continued)

As of September 30, 2020, the Company had options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price $	Number of options outstanding	Number of options exercisable
July 31, 2023	1.00	100,000	33,334
August 21, 2023	1.06	100,000	100,000
September 11, 2023	1.06	500,000	500,000
		700,000	633,334

During the nine month period ended September 30, 2020, the Company recognized a total of $429,705 (2019 - $Nil) in share-based compensation which was comprised of the following:

On July 31, 2020, the Company granted 100,000 share options to a member of the Company's Advisory Board under its share option plan. Each option is exercisable at $1.00 per share until July 31, 2023. The options are subject to vesting provisions, with one-third vested on the grant date, one-third on the first anniversary of the date of grant, and one-third on the second anniversary thereof. The total estimated fair value of the options was $57,472, of which $26,344 was recorded as share-based compensation in the current period. The fair value of the options was measured using the Black-Scholes Option Pricing Model with the following assumptions: share price $0.95; exercise price - $1.00; expected life - 3 years; volatility - 100%; dividend yield - $0; and risk-free rate – 0.25%.

On August 21, 2020, the Company granted an additional 100,000 share options to a member of the Company's Advisory Board. Each option is exercisable at $1.06 per share until August 21, 2023. All of the options vested upon date of grant. The estimated fair value of the options was $65,211, measured using the Black-Scholes Option Pricing Model with the following assumptions: share price $1.06; exercise price - $1.06; expected life – 3 years; volatility - 100%; dividend yield - $0; and risk-free rate – 0.29%.

On September 11, 2020, the Company granted an additional 500,000 share options to a member of the Company's Advisory Board, and a consulting firm. Each option is exercisable at $1.06 per share until September 11, 2023. All of the options vested upon date of grant. The estimated fair value of the options was $338,150, measured using the Black-Scholes Option Pricing Model with the following assumptions: share price $1.09; exercise price - $1.06; expected life - 3 years; volatility - 100%; dividend yield - $0; and risk-free rate – 0.27%.

7. FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by the banks there is a concentration of credit risk. This risk is managed by using major banks that are high quality financial institutions as determined by rating agencies.

7. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at September 30, 2020, the Company has $142,996 (December 31, 2019 -$125,726) in accounts payable and accrued liabilities that are due within 90 days of period-end.

Currency risk

The Company currently has no foreign exchange risk as it conducts all of its business within Canada and in Canadian Dollars.

Interest rate risk

The Company is not currently exposed to significant interest rate risk.

Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements and there were no changes in the Company's capital management during the period.

Fair Value Hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 –Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's financial instruments which includes cash, accounts payable, and accrued liabilities, approximates their carrying amount due to the short-term nature of these financial instruments.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

8. RELATED PARTY TRANSACTIONS

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

Amounts due to related parties consist of charges accrued for accounting fees, consulting fees, and corporate advisory fees. These amounts are due to companies controlled by two directors and an officer. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The following amounts due to related parties are included in account payables and accrued liabilities:

	September 30, 2020	December 31, 2019
A company controlled by a Director and CEO of the Company	$ 20,000	$ 90,449
A company jointly controlled by a Director	10,500	-
A company controlled by the CFO of the Company	2,000	2,000
	$ 32,500	$ 92,449

The Company has identified all directors/officers as its key management personnel. The following are the transactions with related parties during the period ended September 30, 2020:

	Nine month period ended September 30, 2020	From inception on September 11, 2019 to September 30, 2019
Consulting fees to a company controlled by a Director and CEO of the Company	$ 60,000	$ -
Consulting fees to a company jointly controlled by a Director of the Company	22,500	-
Professional fees to a company controlled by a Director of the Company	22,500	-
Consulting fees to a company controlled by the CFO of the Company	12,000	-
Capitalized acquisition costs for the Empirical property to a company controlled by a Director and CEO of the Company	50,000	-
	$ 167,000	$ -

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The Company's significant non-cash transactions during the periods ended September 30, 2020, and September 30, 2019 were as follows:

On June 25, 2020, the Company issued 621,000 non-transferrable agent options with a fair value of $56,721 as part of share issue costs for the completed IPO.

On July 31, 2020, the Company issued 79,310 non-transferrable agent options with a fair value of $57,672 as part of share issue costs for the completed private placement.

On July 5, 2020, the Company acquired the Tyber, Gretna Green Projects on Vancouver Island, British Columbia, Canada. The Company also acquired additional an additional mineral claim adjacent and contiguous to the east of the Empirical Project. The Company paid $10,000 and issued 1,250,000 common shares with a fair market value of $475,000 to acquire all three of these exploration and evaluation assets.

On September 29, 2020, the Company reclassified $1,233 from reserves to share capital upon the exercise of 13,500 agent options.

10. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at September 30, 2020, all the Company's assets were located in Canada.