ALMA GOLD INC.

FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON MAY 21, 2020 TO NOVEMBER 30, 2020

(EXPRESSED IN CANADIAN DOLLARS)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS' OF ALMA GOLD INC.

Opinion

We have audited the financial statements of Alma Gold Inc. (the "Company"), which comprise:

- the statement of financial position as at November 30, 2020;
- the statement of loss and comprehensive loss for the period from incorporation on May 21, 2020 to November 30, 2020;
- the statement of changes in shareholders' equity for the period from incorporation on May 21, 2020 to November 30, 2020;
- the statement of cash flows for the period from incorporation on May 21, 2020 to November 30, 2020; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at November 30, 2020, and its financial performance and its cash flows for the period from incorporation on May 21, 2020 to November 30, 2020 in accordance with International Financial Reporting Standards ("IFRS").

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $56,858 during the period from incorporation on May 21, 2020 to November 30, 2020 and, as of that date, the Company's accumulated deficit was $56,858. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will 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, and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Kevin Kwan.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 26, 2021

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ALMA GOLD INC.
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	November 30, 2020
	$
ASSETS	
CURRENT	
Cash	**35,000**
LONG TERM	
Exploration and evaluation assets (Note 5)	**105,010**
TOTAL ASSETS	**140,010**
LIABILITIES	
CURRENT	
Accounts payable and accrued liabilities	**13,500**
Due to Red Lake Gold Inc. (Note 6)	**50,000**
	63,500
SHAREHOLDERS' EQUITY	
Share capital (Note 7)	**29,692**
Reserves	**103,676**
Accumulated deficit	**(56,858)**
	76,510
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**140,010**

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

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

"Brian Hearst" Director *"Ryan Kalt"* Director

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

	May 21, 2020 (date of incorporation) to November 30, 2020
	$
EXPENSES	
Professional fees	**16,108**
Impairment of mineral property	**40,750**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(56,858)**
LOSS PER SHARE (basic and diluted)	**(0.02)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**3,761,115**

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

ALMA GOLD INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Common Shares				
	Number of Shares	Amount	Reserves	Deficit	Total
		$	$	$	$
Founder share issued on incorporation	1	1	-	-	1
Shares issued pursuant to spin-out (Note 4)	30,245,625	29,691	103,676	-	133,367
Net loss for the period	-	-	-	(56,858)	(56,858)
Balance, November 30, 2020	**30,245,626**	**29,692**	**103,676**	**(56,858)**	**76,510**

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

ALMA GOLD INC.
STATEMENT OF CASH FLOW
(Expressed in Canadian dollars)

	May 21, 2020 (date of incorporation) to November 30, 2020
	$
CASH PROVIDED BY (USED IN):	
OPERATING ACTIVITIES	
Net loss for the period	**(56,858)**
Items not affecting cash:	
Impairment of mineral property	**40,750**
Changes in non-cash working capital balances:	
Accounts payable and accrued liabilities	**13,500**
Cash provided used in operating activities	**(2,608)**
INVESTING ACTIVITY	
Exploration and evaluation asset acquisition	**(15,000)**
FINANCING ACTIVITIES	
Proceeds received from Red Lake Gold Inc.	**52,607**
Founder share issued on incorporation	**1**
Cash provided by financing activities	**52,608**
CHANGE IN CASH	**35,000**
CASH, BEGINNING OF PERIOD	**-**
CASH, END OF PERIOD	**35,000**
Supplemental information:	
Interest paid	**-**
Income taxes paid	**-**
Net assets assumed in Plan of Arrangement (Note 4)	**133,367**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Alma Gold Inc. ("the Company" or "Alma") was incorporated on May 21, 2020 under the laws of British Columbia, Canada, pursuant to a plan of arrangement between the Company and Red Lake Gold Inc ("RGLD"). The address of the Company's corporate office and its principal place of business is Suite 605 – 815 Hornby Street, Vancouver, British Columbia, Canada.

On November 6, 2020, with the necessary approvals from the Supreme Court of British Columbia, the Company completed its plan of arrangement. Under the terms of the plan of arrangement, RGLD distributed new common shares to RGLD shareholders on the basis of 1 new common share of RGLD and 0.95 common shares of Alma Gold Inc. for every common share of RGLD owned (See Note 4).

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at November 30, 2020, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time.

For the period from incorporation on May 21, 2020 to August 31, 2020, the Company incurred a net loss of $56,858 and had a deficit of $56,858. 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 may cast significant doubt upon the ability of the Company to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim financial statements. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the outbreak, however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions as well as its ability to raise financing. There has been no material disruption to the Company's current operations to date. The Company is subject to certain operating restrictions imposed by various governmental authorities, including, but not limited border and travel restrictions, which in turn may have a negative impact on the Company and its operations.

2. SIGNIFICANT ACCOUNTING POLICIES

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 International Financial Reporting Interpretations Committee. These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on March 26, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation

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

c) Exploration and evaluation assets

Expenses incurred prior the Company obtaining legal title are expensed as incurred. All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

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

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

d) Decommissioning and restoration liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Decommissioning and restoration liabilities (continued)

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no significant restoration, rehabilitation and environmental obligations as at November 30, 2020.

e) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

f) Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9 Financial Instruments ("IFRS 9"):

<u>Financial assets</u>

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL").

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.
• The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(ii) Financial assets measured at FVTPL

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company has designated its cash as FTVPL.

(iii) Financial assets measured at FVTOCI

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as “financial asset at fair value through other comprehensive income” in other comprehensive income.

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statement of comprehensive loss.

However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

<u>Financial liabilities</u>

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

(i) Financial liabilities measured at amortized cost
A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company’s accounts payable and accrued liabilities, and due to Red Lake Gold Inc. are classified as financial liabilities measured at amortized cost. The funds due to Red Lake Gold Inc. were advanced to the Company while the Company was a wholly-owned subsidiary of RGLD.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

(ii) Financial liabilities measured at fair value through profit or loss
A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have any liabilities classified as financial liabilities measured at fair value through profit or loss.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive loss.

Offsetting financial assets and liabilities
Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of operations, 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.

g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Common shares issued for consideration other than cash are valued at the fair value of the assets received or the services rendered. If the fair value of the assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at their fair value on the date of issuance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Income taxes

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

i) Impairment of Non-Financial Assets

Impairment tests on non-financial assets, including exploration and evaluation assets, are performed whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where it is possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Each of the Company's exploration and evaluation properties is considered to be a cash-generating unit for which impairment testing is performed.

An impairment loss is recognized in the statement of loss, except to the extent they reverse gains previously recognized in other comprehensive income or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgements concerning the future. The Company's management reviews these estimates and judgements on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant estimates and judgements about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates and judgements made, relate to, but are not limited to the following:

Ability to continue as a going-concern
Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

Recoverability of the carrying value 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 exploration and evaluation assets.

Significant judgement is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The retention of regulatory permits and licenses, the Company's ability to obtain financing for exploration and development activities and its future plans on the exploration and evaluation assets, current and future metal prices, and market sentiment are all factors considered by the Company.

In respect of the carrying value of exploration and evaluation assets recorded on the statements of financial position, management has determined that it continues to be appropriately recorded, as there has been no obsolescence or physical damage to the assets and there are no indications that the value of the assets have declined more than what is expected from the passage of time or normal use.

Common control transaction
Since the shareholders of the Company and Red Lake Gold Inc. upon the close of the Plan of Arrangement (as disclosed in Note 4) were the same, the transaction is a common control transaction. As such, the assets and liabilities assumed by the Company, were originally recognized at the date of the acquisition at their net carrying values.

Valuation of options granted in the spin-out for the relative fair value allocation
The fair value of options is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

(Expressed in Canadian dollars)

4. TRANSACTION WITH RED LAKE GOLD INC.

On November 6, 2020, Red Lake Gold Inc. ("RGLD") completed a Plan of Arrangement (the 'Plan of Arrangement" or "Spin-out") under the provision of the Business Corporations Act pursuant to which Alma Gold Inc. was spun out into a separate entity.

Under the Plan of Arrangement, RGLD's shareholders exchanged each existing common share, option, and warrant of RGLD for one new RGLD share, option, and warrant and 0.95 common share, option and warrant of Alma. As the shareholders of RGLD continued to hold their respective interests in the Company; there was no resulting change of control in the Company. The Spin-out was determined to be a common control transaction, and was excluded from the scope of IFRS 3, Business Combinations. As such, the assets and liabilities assumed by Alma, including exploration and evaluation assets, were originally recognized at the date of the acquisition at their historical costs as follows:

Cash	50,000
Exploration & evaluation assets	130,760
Due to Red Lake Gold Inc.	(47,393)
Carrying value of net assets contributed	**133,367**

The net assets acquired were allocated based on their relative fair values to share capital in the amount of $29,691 and reserves in the amount of $103,676 for the stock options granted.

The fair value of the stock options was determined using the Black-Scholes valuation model and the following inputs: i) exercise price $0.27, ii) stock price $0.37, iii) volatility: 123%, iv) risk free rate: 0.33-0.36%, v) term: 3.57-3.83 years.

Under the terms of the Plan of Arrangement, each issued and outstanding option and warrant has been adjusted to compensate the option and warrant holders for the assets spun-out. The exercise price paid has been allocated between the Company and Alma on the same ratio that the fair market value of the spin-out assets has, to the fair market value of the assets of the Company.

5. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets comprise the following accumulated expenditures:

	Chambers Settlement	Clarence Stream	Total
	$	$	$
Balance at May 21, 2020 (date of incorporation)	**-**	**-**	**-**
Acquisition costs	25,000	9,120	34,120
Exploration costs			
Geological	15,750	95,890	111,640
Impairment	(40,750)	-	(40,750)
Balance at November 30, 2020	**-**	**105,010**	**105,010**

Clarence Stream North Gold Project

The Company owns a 100% interest in certain mineral licenses located in New Brunswick, Canada which together comprise the Clarence Stream North Gold Project. Crown license fees of $9,120 were paid, through RGLD, to the Government of New Brunswick and the project is held royalty-free.

The Clarence Stream North Gold Project is considered by the Company to be its principal exploration project, and various exploration efforts were conducted at the project by the Company and its consultants during the fiscal period.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Chambers Settlement Gold Project (discontinued)

On May 29, 2020, the Company entered into an option agreement to acquire a 100% interest in the Chambers Settlement Gold Project in New Brunswick, Canada (the "Chambers Settlement Gold Project") from Avalon Gold Resources Inc., an arm's-length party based in Toronto, Canada. The terms of the Chambers Settlement Gold Project involve a series of cash payments over a four-year earn-in period, and the granting of a 2% royalty, one-half of which may be repurchased by Alma Gold Inc.

The series of payments is as follows:

a. $10,000 within ten (10) business days of the date of the Chambers Option Agreement (paid through RGLD);

b. $15,000 within six (6) months of the date of the Chambers Option Agreement (paid);

c. $20,000 within twelve (12) months of the date of the Chambers Option Agreement;

d. $30,000 within twenty-four (24) months of the date of the Chambers Option Agreement;

e. $40,000 within thirty-six (36) months of the date of the Chambers Option Agreement; and

f. $50,000 within forty-eight (48) months of the date of the Chambers Option Agreement.

On November 30, 2020, the Company terminated the Chambers Option Agreement and the full carrying value of the project was impaired.

6. DUE TO RED LAKE GOLD INC.

As at November 30, 2020, the Company is indebted to Red Lake Gold Inc. ("RGLD"), in the amount of $50,000. This amount is unsecured, non-interest bearing and has no fixed terms of repayment. The funds were provided to the Company while it was a subsidiary of RGLD.

7. SHARE CAPITAL

a) Authorized:

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

b) Share Capital Activities

For the period ended November 30, 2020, the Company had the following share capital transactions:

- On May 21, 2020, one founder share was issued to Red Lake Gold Inc. on incorporation for $1.
- On November 6, 2020, pursuant to the plan of arrangement as disclosed in Note 4, 30,245,625 shares in the Company were issued. Amounts advanced by RGLD to the Company in the amount of $133,367 have been reflected as net investments from RGLD in the statement of changes in shareholders' equity.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

c) Stock options

The Company has a stock option whereby the Board of Directors may grant to consultants, employees, officers, and directors options to acquire common shares, exercisable for a period of up to five years from the date of the grant. The stock option plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the stock option plan shall not exceed 10% of the total issued and outstanding common shares. The maximum number of common shares that may be reserved for issuance to any individual pursuant to stock options may not exceed 5% of the common shares issued and outstanding at the time of grant.

	Number of Options	**Weighted Average Exercise Price**
		$
Options outstanding on incorporation date May 21, 2020	-	-
Options granted pursuant to spin-out (Note 4)	1,434,500	0.29
Options outstanding and exercisable, November 30, 2020	**1,434,500**	**0.29**

As at November 30, 2020 the Company had options outstanding as follows:

Expiry Date	Exercise Price	Outstanding
May 31, 2024	$0.11	712,500
September 3, 2024	$0.47	722,000
		1,434,500

d) Warrants

	Number of warrants	**Weighted Average Exercise Price**
		$
Warrants outstanding on incorporation date May 21, 2020	-	-
Warrants granted pursuant to spin-out (Note 4)	1,258,750	0.47
Warrants outstanding and exercisable, November 30, 2020	**1,258,750**	**0.47**

As at November 30, 2020 the Company had options outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted average years remaining
July 10, 2022	$0.47	1,258,750	1.61

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally-imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, and deficit as capital. 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 or dispose of assets or adjust the amount of cash. The Company did not change its management of capital during the period ended November 30, 2020.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

	November 30, 2020
	$
Cash	**35,000**
Accounts payable and accrued liabilities	**13,500**
Due to Red Lake Gold Inc.	**50,000**

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

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 Company is exposed in varying degrees to a variety of 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 is not exposed to any significant credit risk.

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 approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period, carrying net 30 terms. The Company has a negative working capital and was reliant on RGLD to fund its activities prior to the spin out; therefore, it is exposed to liquidity risk through its Due to Red Lake Gold Inc., which is non-interest bearing and has no fixed terms of repayment, and accounts payable and accrued liabilities balance. The Company will need to receive additional funding to continue to fund operations and to settle its obligations.

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

10. DEFERRED INCOME TAX

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	November 30, 2020
Net loss for the period	**$(56,865)**
Statutory tax rate	**27%**
Expected income tax recovery at the statutory tax rate	**(16,000)**
Change in tax assets not recognized	**16,000**
Income tax expense (recovery)	**-**

The Company has the following tax effected deductible temporary differences for which no deferred tax asset has been recognized:

Loss carry-forwards	**16,000**

The Company has non-capital losses of approximately $57,000 available to offset future income for income tax purposes which commence expiring in 2040. Due to the uncertainty of realization of these loss carry-forwards, the benefit is not reflected in the financial statements.

11. SUBSEQUENT EVENT

On February 9, 2021, the Company entered into an arm's-length share purchase agreement with the shareholders of Karita Gold Inc. ("Karita Gold"), whereby the Company has agreed to purchase all the issued and outstanding shares of Karita Gold. The Company will issue to Karita Gold's shareholders 30,000,000 common shares of the Company in exchange for 100% the issued and outstanding shares of Karita at a deemed value of $0.05 per share. Karita Gold is a gold exploration company with offices in Bedford, Nova Scotia and it holds various mineral exploration licenses in Guinea (the "Karita Licenses"), which are subject to certain royalty obligations. The Karita Licenses commence at an adjacent license boundary to a gold exploration project containing the Karita gold deposit being advanced and owned by IAMGOLD Corporation.

On February 22, 2021, the Company announced that it had closed the transaction with Karita Gold with an effective date of February 19, 2021.

On March 3, 2021, the Company announced a non-brokered private placement of up to 7,500,000 common shares at an issue price of $0.10 per common share for gross proceeds of up to $750,000.