TEMAS RESOURCES CORP.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the Years Ended December 31, 2020 and 2019

DeVISSER GRAY LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Temas Resources Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Temas Resources Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019 and its financial performance and its cash flows for the years then ended 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 *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 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.

Other Information

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has no source of revenue and is dependent upon the future receipt of equity financing to maintain its operations. These matters, 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.

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.

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 G. Cameron Dong.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
April 28, 2021

Temas Resources Corp.

Statements of Financial Position
As at December 31, 2020 and December 31, 2019
(Expressed in Canadian dollars)

	December 31, 2020	December 31, 2019
	$	$
Assets		
Cash	**3,377,298**	137,101
Accounts receivable	**855**	855
Loan receivable (Notes 4 & 9)	**30,033**	60,000
Prepaids	**12,413**	-
Taxes receivable	**26,574**	-
	3,447,173	197,956
Exploration and evaluation assets (Note 5)	**6,160,000**	-
Deferred financing charges (Note 8)	**2,603,898**	-
Total Assets	**12,211,071**	197,956
Liabilities		
Accounts payable and accrued liabilities (Note 9)	**126,845**	10,914
Loan payable (Notes 6 & 9)	**61,000**	61,000
Flow-through premium liability (Note 10)	**606,250**	-
Total Liabilities	**794,095**	71,914
Shareholders' Equity		
Share capital (Note 7)	**9,578,344**	383,501
Subscription receivable (Note 7)	**-**	(100,000)
Reserves (Note 7)	**3,838,787**	-
Deficit	**(2,000,155)**	(157,459)
Total Shareholders' Equity	**11,416,976**	126,042
Total Liabilities and Shareholders' Equity	**12,211,071**	197,956

Nature and Continuance of Operations (Note 1)
Subsequent Events (Notes 14)

Approved on behalf of the Board on April 28, 2021:

"Kyler Hardy" — **Director**

"Konstantin Lichetenwald" — **Director**

Temas Resources Corp.

Statements of Loss and Comprehensive Loss

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
	$	**$**
Expenses		
Consulting (Note 9)	**242,700**	-
Exploration expenditures	**10,175**	131,443
General administration (Note 9)	**43,759**	-
Insurance	**10,989**	-
Interest and bank charges	**1,025**	490
Investor relations	**83,398**	-
Professional fees	**135,776**	25,485
Share-based payments (Notes 7 & 9)	**1,219,196**	-
Transfer agent and filing fees	**92,420**	-
Travel	**3,258**	-
Total expenses	**1,842,696**	157,418
Net loss and comprehensive loss for the year	**(1,842,696)**	(157,418)
Basic and diluted loss per common share	**(0.04)**	(0.04)
Weighted average number of common shares outstanding	**41,627,181**	4,312,467

Temas Resource Corp.

Statements of Changes in Shareholders' Equity

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

	Share Capital					
	Number of shares	**Amount**	**Subscription receivable**	**Reserves**	**Deficit**	**Total Shareholders' Equity**
		($)	**($)**		**($)**	**($)**
Balance, December 31, 2018	**1**	**1**	**-**	**-**	**(41)**	**(40)**
Common shares issued	25,550,000	383,500	-	-	-	383,500
Subscription receivable	-	-	(100,000)	-	-	(100,000)
Net loss for the year	-	-	-	-	(157,418)	(157,418)
Balance, December 31, 2019	**25,550,001**	**383,501**	**(100,000)**	**-**	**(157,459)**	**126,042**
Common shares issued – *Flow-through* (Note 7)	3,625,000	3,625,000	-	-	-	3,625,000
Flow-through premium liability (Note 10)	-	(606,250)	-	-	-	(606,250)
Common shares issued – Special warrants (Note 7)	763,520	76,352	-	-	-	76,352
Common shares issued – *DAB* (Note 7)	10,000,000	500,000	-	-	-	500,000
Common shares issued – *La Blache* (Note 7)	20,000,000	5,600,000	-	-	-	5,600,000
Common shares issued – *Crescita* (Note 7)	610,000	150,000	-	-	-	150,000
Options exercised – (Note 7)	165,000	26,680	-	(10,180)	-	16,500
Warrants exercised – (Note 7)	2,750,000	275,000	-	-	-	275,000
Share issuance costs (Note 7)	-	(451,939)	-	69,440	-	(382,499)
Subscriptions received (Note 7)	-	-	100,000	-	-	100,000
Warrants issued – *Crescita* (Note 8)	-	-	-	2,560,331	-	2,560,331
Share-based payments (Note 7)	-	-	-	1,219,196	-	1,219,196
Net loss for the year	-	-	-	-	(1,842,696)	(1,842,696)
Balance, December 31, 2020	**63,463,521**	**9,578,344**	**-**	**3,838,787**	**(2,000,155)**	**11,416,976**

Temas Resource Corp.

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash Provided By (Used In):		
Operating Activities		
Net Loss	$ **(1,842,696)**	$ (157,418)
Non-cash item		
Share-based payments	**1,219,196**	-
Changes in non-cash working capital:		
Accounts receivable	**-**	(855)
Prepaids	**(12,413)**	-
Taxes receivable	**(26,574)**	-
Accounts payable and accrued liabilities	**45,931**	10,914
Cash flows used in operating activities	**(616,556)**	**(147,359)**
Investing Activities		
Loan receivable repayment (advance)	**29,967**	(60,000)
Exploration and evaluation assets	**(60,000)**	**-**
Cash flows used in investing activities	**(30,033)**	**(60,000)**
Financing Activities:		
Proceeds from subscriptions in common stock (net)	**3,541,300**	283,500
Proceeds from options exercised	**16,500**	-
Proceeds from warrants exercised	**275,000**	-
Proceeds from subscriptions in special warrants (net)	**53,986**	-
Loan payable	-	60,900
Cash flows from financing activities	**3,886,786**	**344,400**
Increase in cash	**3,240,197**	**137,041**
Cash, beginning of the year	**137,101**	**60**
Cash, end of the year	**$ 3,377,298**	**$ 137,101**

No cash was paid for interest or income taxes during the year.

Supplementary cash flow information (Note 13)

1. Nature and Continuance of Operations

Temas Resource Corp. (the “Company”) was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 25, 2018 under the name “Clean Earth Chemical Corp.” On August 12, 2019, the Company changed its name to Temas Resource Corp.

The Company’s head office is located at 890-1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, and its registered and records office address is at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. The Company’s principal business activity is the acquisition and exploration of mineral properties.

The Company has an accumulated deficit of $2,000,155 as at December 31, 2020. The Company currently has sufficient liquidity to meet its operational requirements for the next fiscal year. However, the Company’s continued operations are dependent upon its ability to obtain the necessary financing to complete the development of its DAB and La Blache mineral properties and to bring them into future profitable production or realizing proceeds from their dispositions. The Company has not yet determined whether the DAB and La Blache mineral properties contain reserves that are economically recoverable. All of the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company’s ability 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 the accompanying financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company’s operations could be significantly and adversely impacted by the effects of a widespread global outbreak of a contagious disease, such as the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

These financial statements were authorized by the Board of Directors on April 28, 2021.

2. Basis of Presentation

Statement of Compliance

The financial statements for years ended December 31, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

3. Significant Accounting Policies

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified in accordance with measurement standards under IFRS. All dollar amounts presented are in Canadian dollars unless otherwise specified. These financial statements have been prepared using IFRS principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require judgement and estimates as the basis for determining the stated amounts include valuation of share-based payments, recognition of deferred income tax amounts, possible impairment of the mineral properties and application of the going concern assumption.

Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets and liabilities on a net basis.

3. Significant Accounting Policies (Continued)

Income Taxes (continued)
Deferred tax assets and liabilities are offset when there is a legally right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

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

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the statement of comprehensive loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTPL unless it is measured at amortized cost or FVTOCI. However, an irrevocable election can be made at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value through other comprehensive income.

The Company's cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and loan payable are classified as subsequently measured at amortized cost.

Impairment
At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

3. Significant Accounting Policies (Continued)

Financial Instruments (continued)

Impairment (continued)

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 and the impairment loss is recognized in profit or loss for the period. 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. Where an impairment loss subsequently reverse, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior year. A reversal of an impairment loss is recognized immediately in profit or loss.

Exploration and Evaluation Assets

Costs relating to the acquisition and claim maintenance of exploration and evaluation assets (including option payments and annual fees to maintain the property in good standing) are capitalized and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company expenses all exploration, evaluation and development expenditures until management concludes that a future economic benefit is more likely than not to be realized. In evaluating if expenditures meet this criterion to be capitalized, management considers the following:

- The extent to which reserves or resources, as defined in National Instrument 43-101, have been identified in relation to the property in question;
- The conclusions of National Instrument 43-101 compliant preliminary economic assessment studies, preliminary feasibility studies and/or feasibility studies regarding the property in question;
- The status of environmental permits; and
- The status of mining leases or permits.

Once the Company considers that a future economic benefit is more likely than not of being realized, all subsequent costs directly relating to the advancement of the related area of interest are capitalized.

Capitalized exploration and evaluation costs are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped into CGUs. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

3. Significant Accounting Policies (Continued)

Share Capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Flow-through common shares

The Company has issued common shares as flow-through shares, whereby the investor may claim the tax deductions arising from the related resource expenditures. When flow-through shares are issued, the sale of the tax deduction is valued (using the residual method) and deferred as a flow-through liability. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, the flow-through liability is reversed, and a deferred income tax liability is recognized.

Previously unrecognized deferred income tax assets may be used to reduce the deferred income tax liability amount recognized, and the Company will recognize a future income tax recovery to this extent.

Loss Per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti- dilutive. Basic and diluted loss per share is the same for the periods presented.

Share-based payments

The Company's stock option plan allows the Company's employees and consultants to acquire common shares of the Company through the exercise of granted stock options. The fair value of stock options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

3. Significant Accounting Policies (Continued)

Share-based payments (continued)

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

When stock options are exercised, the cash proceeds, along with the amount previously recorded in equity reserves, are recorded as share capital.

New Accounting Standards and Recent Pronouncements

There are no new accounting standards or recent pronouncement that the Company expects will have a material impact on the Company's financial statements.

4. Loan Receivable

As at December 31, 2020, the Company had advanced $30,033 (2019 – $60,000) to a company with a common director. The amount advanced is non-interest bearing, unsecured and due on demand.

5. Exploration and Evaluation Assets

La Blache Property, Quebec, Canada

On June 18, 2020, the Company entered into a Purchase Agreement to purchase a 100% interest in the La Blache property in Core-Nord, Quebec from Cloudbreak Discovery Corp. and Cronin Services Ltd. (collectively known as "Vendors") for an aggregate of 20,000,000 common shares (issued) of the Company, $60,000 (paid) in cash payments and the delivery of an NSR royalty of 2%. The Company has the right to repurchase one-half of the NSR royalty (1%) for $2,500,000 at any time. The Vendors have common directors with the Company.

The 20,000,000 shares issued are subject to pooling restrictions as follows: 25% will be released from the pool six months after the closing of the transaction (March 23, 2021) and the balance will be released 12 months thereafter (September 23, 2021).

DAB Property, Quebec, Canada

On January 15, 2020, the Company entered into an option agreement with Contigo Resources Ltd. ("Contigo") to acquire a 100% interest in the 124 claims comprising the DAB property. Under the terms of the option agreement, the Company needs to undertake the following to exercise its option:

- make cash payments of $25,000 on January 15, 2020 (paid) and $50,000 (paid) on January 15, 2021; and

(Expressed in Canadian dollars)

5. Exploration and Evaluation Assets

DAB Property, Quebec, Canada (continued)

- issue 10,000,000 common shares of the Company to Contigo on January 15, 2020 (issued).

Per the terms of the option agreement, Contigo retains a 2% net smelter royalty ("NSR") on the DAB property. The Company can purchase 50% of the NSR at any time for a cash payment of $1,500,000.

The carrying value of the Company's mineral properties is as follows:

	La Blache $	DAB $	Total $
January 1, 2020	-	-	-
Acquisition costs	5,660,000	500,000	6,160,000
December 31, 2020	5,660,000	500,000	6,160,000

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

6. Loan Payable

As at December 31, 2020, the Company has a $61,000 (2019 - $61,000) loan payable. This amount is unsecured, due on demand and non-interest bearing.

7. Share Capital

Authorized
The Company's authorized share capital consisted of unlimited number of common shares without par value.

Issued and outstanding common shares

Fiscal 2020
As at December 31, 2020, total issued and outstanding common shares: 63,463,521 (December 31, 2019: 25,550,001)

On December 23, 2020, the Company issued 1,000,000 flow-through common shares at a price of $1.00 per share for gross proceeds of $ 1,000,000. The Company paid cash share issuance costs of $70,000 and issued 70,000 finder's warrants, exercisable at $1.00 per common share, and expiring one year from the grant date. The finder's warrants have a fair value of $19,460.

7. Share Capital (Continued)

Issued and outstanding common shares (continued)

Fiscal 2020 (continued)
On December 9, 2020, the Company issued 2,625,000 flow through common shares at a price of $1.00 per share for gross proceeds of $2,625,000. The Company paid cash share issuance costs of $183,700 and issued 183,750 finder's warrants, exercisable at $1.00 per common share, and expiring one year from the grant date. The finder's warrants have a fair value of $49,980.

On December 1, 2020, the Company issued 1,250,000 common shares for gross proceeds of $125,000 through the exercise of share purchase warrants.

On November 27, 2020, the Company issued 610,000 common shares at a price of $0.25 for a total value of $150,000 as payment for a commitment fee to Crescita Capital LLC ("Crescita Capital") in connection with the $5,000,000 Equity Investment Facility (Note 8).

On September 23, 2020, the Company issued 20,000,000 common shares (at a fair value of $5,600,000) to Cloudbreak Discovery Corp and Cronin Services Ltd. in equal parts in relation to the acquisition of La Blache property in Quebec (Note 5).

On September 14, 2020, the Company issued 500,000 common shares for gross proceeds of $50,000 through the exercise of share purchase warrants.

On August 28, 2020, the Company issued 165,000 common shares for gross proceeds of $16,500 through the exercise of options. $10,180 of previously recognized share-based payments was reclassified from reserves to share capital on the exercise of the options.

On August 11, 2020, the Company issued 1,000,000 common shares for gross proceeds of $100,000 through exercise of share purchase warrants.

On May 19, 2020, the Company issued 763,520 common shares in relation to the conversion of special warrants issued on February 25, 2020 and February 28, 2020.

On January 15, 2020, the Company issued 10,000,000 common shares (at a fair value of $500,000) to Contigo in relation to the Option Agreement to acquire a 100% interest in the DAB property (Note 5). These shares are subject to a 12-month escrow commencing May 19, 2020.

Fiscal 2019
On August 30, 2019, the Company issued 8,500,000 units for gross proceeds of $42,500. Each unit contained one common share, and one-half common share purchase warrant. Each full warrant is exercisable into one common share at a price of $0.10 per share and expires on August 30, 2022.

(Expressed in Canadian dollars)

7. Share Capital (Continued)

Issued and outstanding common shares (continued)

Fiscal 2019 (continued)
On November 30, 2019, the Company issued 17,050,000 units for gross proceeds of $341,000. Each unit contained one common share, and one-half common share purchase warrant. Each full warrant is exercisable into one common share at a price of $0.10 per share and expires on November 30, 2022.

Stock Options
As at December 31, 2020, the Company has 5,615,000 stock options outstanding (December 31, 2019: Nil).

A summary of the status of the stock options as of December 31, 2020 and 2019 and changes during the years then ended is presented below:

	December 31, 2020		December 31, 2019	
	Options	Weighted-average exercise price $	Options	Weighted-average exercise price $
Outstanding, beginning of the year	-	-	-	-
Granted	5,780,000	0.34	-	-
Exercised	(165,000)	0.10	-	-
Outstanding, end of the year	5,615,000	0.35	-	-
Exercisable, end of the year	4,352,500	0.28	-	-

Stock options outstanding as at December 31, 2020 were as follows:

Number of Options	Weighted-average exercise price	Remaining Life (In Years)	Expiry Date
2,735,000	$ 0.10	2.23	March 26, 2023
630,000	$ 0.105	0.96	December 15,2021
2,250,000	$ 0.71	2.84	November 3, 2023
5,615,000	$ 0.35	2.33	

7. Share Capital (Continued)

Stock Options (continued)

On November 3, 2020, the Company issued 2,250,000 stock options to directors, officers, employees and consultants of the Company. Each option is exercisable at $0.71 per common share and has a three-year term. Of these options, 1,250,000 vested immediately, and the remaining 1,000,000 vest 33.33% on the grant date, and 33.33% on each of the 12 and 24-month anniversaries of the grant date. Share-based payments of $738,520 have been recorded in connection with the issuance of these options. The options were fair valued using the Black-Scholes Option Pricing Model using the following assumptions average risk-free interest rate - 0.30%; expected life - 3 years; expected volatility - 100.00%; forfeiture rate - Nil and expected dividends - Nil.

On June 3, 2020, the company entered into an agreement with CorpComm Limited ("Corpcomm") to provide investor relations services to the Company for a period of 12 months commencing June 15, 2020. Compensation for the agreement consists of a $10,000 per month plus the Company issuing stock options to acquire 630,000 common shares of the Company at a price of $0.105 per share, and expiring on December 15, 2021. The stock options vest in 12 equal tranches starting on the grant date, and then every month thereafter for 11 months.

As at December 30, 2020, a total of 367,500 of the 630,000 options have vested in relation to the Corpcomm agreement. Share based payments of $301,746 have been recorded in connection with the issuance of these options.

On March 26, 2020, the Company issued 2,900,000 stock options to directors, officers, employees and consultants of the Company. Each option is exercisable at $0.10 per common share and has a three-year term. All the options vested immediately. Share-based payments of $178,930 have been recorded in connection with the issuance of these options. The options were fair valued using the Black-Scholes Option Pricing Model using the following assumptions average risk-free interest rate - 0.68%; expected life - 3 years; expected volatility - 100.00%; forfeiture rate - Nil and expected dividends - Nil.

Special Warrants

During the year ended December 31, 2020, the Company issued 563,520 special warrants at a price of $0.10 per special warrant, for gross proceeds of $56,352. Upon listing as a publicly traded company, each special warrant converted into one common share of the Company, without payment of additional consideration.

In addition, the Company paid finder's fees of $2,366 and issued 200,000 special warrants as compensation in connection with the offering. These warrants had the same terms as the special warrants.

On May 19, 2020, the special warrants were exercised and the Company issued 763,520 common shares.

(Expressed in Canadian dollars)

7. Share Capital (Continued)

Share Purchase Warrants
As at December 31, 2020, the Company has 14,917,031 share purchase warrants outstanding (December 31, 2019: 12,775,000).

A summary of the status of the share purchase warrants as of December 31, 2020 and 2019 and changes during the years then ended is presented below:

	December 31, 2020		December 31, 2019	
	Share purchase warrants	Weighted-average exercise price $	Share purchase warrants	Weighted-average exercise price $
Outstanding, beginning of the year	12,775,000	0.10	-	-
Granted	4,892,031	0.29	12,775,000	0.10
Exercised	(2,750,000)	0.10	-	-
Outstanding, end of the year	14,917,031	0.16	12,775,000	0.10
Exercisable, end of the year	14,917,031	0.16	12,775,000	0.10

Share purchase warrants outstanding as at December 31, 2020 were as follows:

Number of Warrants	Weighted-average exercise price	Remaining Life (In Years)	Expiry Date
2,500,000	$ 0.10	1.66	August 30, 2022
7,525,000	$ 0.10	1.92	November 30,2022
4,638,281	$ 0.25	2.91	November 27,2023
183,750	$ 1.00	0.94	December 9, 2021
70,000	$ 1.00	0.98	December 23, 2021
14,917,031	$ 0.16	2.16	

8. Equity Investment Facility

On November 18, 2020, the Company entered into a $5,000,000 equity investment facility with Crescita Capital. The Company can draw down funds from the $5,000,000 equity investment facility from time to time during the three-year term at the Company's discretion by providing a drawdown notice to Crescita Capital, and in return for each drawdown notice funded by Crescita Capital, the Company will allot and issue fully paid common shares to Crescita Capital.

The shares issued in connection with any drawdown notice will be priced at the higher of (i) the floor price set by the Company and (ii) 90% of the average closing bid price resulting from the following ten days of trading after the drawdown notice ("Pricing Period"). The drawdown notice amount requested by the Company cannot exceed 700% of the average daily trading volume of the Pricing Period.

8. Equity Investment Facility (Continued)

In connection with equity investment facility, the Company paid a commitment fee. This fee consisted of a 3% commission to be paid in common shares, at a price of $0.25 per share (610,000 shares valued at $150,000), and warrants equal to 8% of the outstanding common shares of the Company (4,638,281 warrants valued at $2,560,331). The warrants have an exercise price of $0.25 per common share and expire three years from the grant date. The warrants were fair valued using the Black-Scholes Option Pricing Model using the following assumptions average risk-free interest rate - 0.29%; expected life - 3 years; expected volatility - 100.00%; forfeiture rate - Nil and expected dividends - Nil.

The value of the commitment fee was recorded as a deferred financing charge and is being amortized as share issue costs over the term of the equity investment facility, with amortization charges amounting to $106,433 for the year ended December 31, 2020 (2019 - $nil). As at December 31, 2020, the carrying amount of the deferred financing charges is $2,603,898.

9. Related Party Transactions

Key management personnel at the Company are the directors and officers of the Company.

During the year ended December 31, 2020, the Company incurred:

- consulting fees of $170,000 (2019 - $Nil) to a company owned by a director of the Company;
- mineral property acquisition costs of $5,660,000 (2019 - $Nil) to companies with a common director (Note 5);
- payroll of $33,000 (2019 - $Nil) to an officer of the Company; and
- share-based payments of $805,824 (2019 - $Nil) to officers, directors and companies with common officers and directors.

As at December 31, 2020, loans receivable includes:

- $30,033 (2019 – $60,000) is due from a company owned by a director of the Company.

As at December 31, 2020, loans payable includes:

- $61,000 (2019 – $61,000) due to a company with a former common director.

All loans are non-interest bearing and due on demand.

There are no amounts included in accounts payable and accrued liabilities owing to related parties.

All related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Liability and Income Tax Effect on Flow-through Shares

Funds raised through the issuance of flow-through common shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

In December 2020, the Company issued 3,625,000 flow-through common shares at $1.00 per share for gross proceeds of $3,625,000 and recognized a liability for flow-through shares of $606,250 (2019 - $Nil). As at December 31, 2020, the Company has not spent any of the flow-through funds and has not recognized any flow-through recovery.

11. Financial and Capital Risk Management

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 described below.

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 enters into financial instruments to finance its operations in the normal course of business.

The Company has no financial instruments carried at fair value. The Company's cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and loan payable are recorded at subsequently measured at amortized cost.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in way in which such exposure in managed is provided as follows:

<u>Foreign exchange risk</u>
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

<u>Credit risk</u>
The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(Expressed in Canadian dollars)

11. Financial and Capital Risk Management (Continued)

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise the required funding through future equity issuances and through short-term borrowing. 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.

Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

12. Income taxes

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2020	December 31, 2019
	($)	($)
Loss before income taxes	(1,842,696)	(157,418)
Statutory rates	27.00%	27.00%
Expected income tax recovery at statutory rates	(497,528)	(42,503)
Effect of deductible and non-deductible amounts	254,824	-
Increase in unrecognized deferred tax assets	242,704	42,503
Deferred income tax recovery	-	-

(Expressed in Canadian dollars)

12. Income taxes (Continued)

The components of the Company's unrecognized deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
	($)	($)
Non-capital losses carried forward	693,893	26,016
Resource-related deductions	141,618	131,443
Share issue costs	220,853	-
	1,056,364	157,459

The Company has approximately $694,000 of non-capital losses available, which begin to expire in 2038 through to 2040, and may be applied against future taxable income. At December 31, 2020, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in future years.

13. Supplementary Cash Flow Information

	2020	2019
	$	$
Common share issued for mineral properties	6,100,000	-
Share issue costs included in accounts payable and accrued liabilities	70,000	-

14. Subsequent Events

On January 6, 2021, the Company closed a non-brokered private placement of 300,000 common shares at a price of $0.716 per common share. The private placement constituted the initial drawdown of the $5,000,000 equity investment facility with Crescita Capital.

On January 25, 2021, the Company issued 20,243 common shares to SRAX Inc. in exchange for investor relations services.

On January 28, 2021, the Company issued 1,000,000 common shares in connection with the exercise of warrants for gross proceeds of $100,000.

On February 2, 2021, the Company issued 600,000 stock options at an exercise price of $1.51 with a two year term, and vesting immediately on the grant date. These 600,000 options were subsequently cancelled.

On March 3, 2021, the Company entered into a licensing agreement with MetaLeach Limited for the exclusive use of their North American and European leaching process patents. The Company paid $100,000 USD for this license.

On March 8, 2021, the Company issued 1,223,541 common shares to SRAX Inc. at a price of $1.04 per share pursuant to a marketing agreement entered into on February 16, 2021.

14. Subsequent Events (Continued)

On March 9, 2021, the company entered into a consulting agreement with The Howard Group ("Howard Group") to provide investor relations services to the Company for a period of 12 months, commencing on March 9, 2021. Compensation for the agreement consists of $8,000 per month and the issuance of stock options to acquire 635,000 common shares of the Company at a price of $1.10 per common share expiring on March 10, 2024. The stock options vest quarterly over a period of one year starting on June 10, 2021.

On March 23, 2021, the Company issued 1,000,000 common shares in connection with the exercise of warrants for gross proceeds of $100,000.

On March 26, 2021, the Company entered into and completed a share purchase agreement with ORF Technologies, Inc. ("Orf Technologies") to acquire a 50% interest in ORF Technologies in exchange for a cash payment of $600,000.

On March 22, 2021, the Company closed a non-brokered private placement of 870,000 common shares at a price of $0.98 per common share. The private placement constituted the second drawdown of the $5,000,000 equity investment facility with Crescita Capital.

On April 20, 2021, the Company issued 45,500 common shares in connection with the exercise of warrants for gross proceeds of $45,500.