(An Exploration-Stage Company)

Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

The preparation and presentation of the accompanying consolidated financial statements are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee which is independent from management.

The Audit Committee is appointed by the Board of Directors and has met with the Company's independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board for approval.

The Company's independent auditors, PricewaterhouseCoopers LLP, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

"*Blaine Monaghan*" *(signed)*
Blaine Monaghan
President and Chief Executive Officer

"*Salvador Miranda*" *(signed)*
Salvador Miranda
Chief Financial Officer

April 27, 2021

Independent auditor's report

To the Shareholders of Pacific Ridge Exploration Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Pacific Ridge Exploration Ltd. and its subsidiaries (together, 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 as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated 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 consolidated 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.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Eric Talbot.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 27, 2021

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Note	**December 31, 2020**	December 31, 2019
Assets		**$**	$
Current			
Cash		**628,720**	895,320
Other receivables		**7,980**	2,347
Marketable securities and warrants	3	**42,700**	16,700
Prepaid		**9,587**	6,028
		688,987	920,395
Equipment	4	**2,898**	2,543
Resource properties	5	**454,619**	429,619
Reclamation bonds		**33,500**	17,500
Right-of-use asset	11	**47,767**	17,616
		1,227,771	1,387,673
Liabilities			
Current			
Trade payable and accrued liabilities		**103,905**	71,888
Lease liability	11	**27,920**	15,417
		131,825	87,305
Lease liability - long-term	11	**20,621**	-
		152,446	87,305
Shareholders' equity			
Share capital	6	**43,784,464**	43,596,559
Contributed surplus	6 (b & c)	**3,367,186**	3,312,624
Accumulated other comprehensive loss	3	**(10,300)**	(36,300)
Deficit		**(46,066,025)**	(45,572,515)
		1,075,325	1,300,368
		1,227,771	1,387,673

Subsequent events 15

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

Approved and authorized for issue on behalf of the Board of Directors on April 27, 2021

/s/ "Gerald G. Carlson"
Director

/s/ "Bruce Youngman"
Director

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Year ended December 31 2020	2019
Administration expenses		**$**	$
Amortization of right-of-use asset	11	**27,168**	26,425
Depreciation	4	**1,370**	267
Finance lease interest	11	**2,254**	3,116
Insurance		**8,132**	5,386
Professional and consulting		**33,552**	51,015
Management and administrative	8	**97,828**	90,032
Office operations and facilities		**30,852**	22,487
Shareholder communications		**47,255**	13,282
Share-based payments	6(c)	**46,916**	44,439
Transfer agent and regulatory fees		**17,820**	18,316
		313,147	274,765
Exploration-related expenses (income)			
Exploration and evaluation costs	5	**604,821**	351,890
Government grant	7	**-**	(8,979)
Mining tax credit	7	**(347)**	(37,135)
Property option payments	5	**(400,000)**	(160,000)
Impairment of resource properties	5(d)	**-**	71,000
		204,474	216,776
Other expenses (income)			
Interest received		**(3,584)**	(9,470)
Unrealized loss in fair value of warrants	3	**-**	980
Reversal of allowance for contingency	14	**-**	(207,262)
Foreign exchange (gain) loss		**(973)**	2,283
Flow-through tax recovery	6(a)	**(19,554)**	-
		(24,111)	(213,469)
Net loss		**(493,510)**	(278,072)
Other comprehensive income (loss):			
Net change in fair value of marketable securities	3	**26,000**	(8,300)
Total comprehensive loss		**(467,510)**	(286,372)
Loss per share (basic and diluted)		**(0.02)**	(0.01)
Weighted average number of shares outstanding basic and diluted		**32,864,364**	31,729,009

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

PACIFIC RIDGE exploration ltd.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

		Share capital			Contributed	Other comprehensive		
	Note	Amount	Value		surplus	income (loss)	Deficit	Total
		#	$		$	$	$	$
Balance, December 31, 2018		31,729,009	43,596,559	-	3,268,185	(28,000)	(45,294,443)	1,542,301
Share based payments	6(c)	-	-	-	44,439	-	-	44,439
Unrealized loss marketable securities	3	-	-	-	-	(8,300)	-	(8,300)
Net loss for the year		-	-	-	-	-	(278,072)	(278,072)
Balance, December 31, 2019		31,729,009	43,596,559		3,312,624	(36,300)	(45,572,515)	1,300,368
Units issued for cash in private placement		3,119,999	234,000		-	-	-	234,000
Flow-through premium	6(a)	-	(25,700)		6,146	-	-	(19,554)
Share issuance costs	6(a)	-	(18,895)		-	-	-	(18,895)
Finders' warrants issued	6(b)	-	(1,500)		1,500	-	-	-
Share-based payments	6(c)	-	-		46,916	-	-	46,916
Unrealized gain in marketable securities	3	-	-		-	26,000	-	26,000
Net loss for the year		-	-		-	-	(493,510)	(493,510)
Balance, December 31, 2020		**34,849,008**	**43,784,464**		**3,367,186**	**(10,300)**	**(46,066,025)**	**1,075,325**

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

Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)

	Year ended December 31	
	2020	2019
	$	$
Operating activities		
Income (loss) for the year	**(493,510)**	(278,072)
Items not affecting cash:		
Right-of-use asset amortization	**27,168**	26,425
Depreciation of equipment	**1,370**	267
Finance lease interest	**2,254**	3,116
Unrealized loss in fair value of warrants	**-**	980
Share-based payments	**46,916**	44,439
Impairment of resource properties	**-**	71,000
Unrealized foreign exchange	**(993)**	2,023
Property option recovery	**(400,000)**	(160,000)
Flow-through tax recovery	**(19,554)**	-
Interest received	**(3,584)**	(9,470)
	(839,933)	(299,292)
Changes in non-cash working capital items:		
Other receivables	**(5,633)**	2,849
Prepaid	**(3,559)**	(28)
Trade payable and accrued liabilities	**32,018**	45,439
Reversal of provision for contingent liability	**-**	(207,262)
Cash used in operating activities	**(817,107)**	(458,294)
Investing activities		
Resource property acquisition costs	**(25,000)**	-
Acquisition of plant and equipment	**(1,725)**	(2,810)
Proceeds from property option payments	**400,000**	160,000
Interest received	**3,584**	9,470
Reclamation bonds	**(16,000)**	6,652
Cash provided by investing activities	**360,859**	173,312
Financing activities		
Proceeds from private placement	**234,000**	-
Share issue costs	**(18,895)**	-
Finance lease -principal payments	**(24,196)**	(28,624)
Finance lease -interest payments	**(2,254)**	(3,116)
Cash provided (used) by financing activities	**188,655**	(31,740)
Effect of foreign exchange translation on cash	**993**	(1,830)
Decrease in cash	**(266,600)**	(318,552)
Cash, beginning of the year	**895,320**	1,213,872
Cash, end of the year	**628,720**	895,320
Supplementary cash flow information:		
Non-cash financing activities:		
Finders' fees paid through issuance of warrants	**(1,500)**	-

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

1. Nature of operations

Pacific Ridge Exploration Ltd. and its wholly owned subsidiary Pacific Ridge Exploration (US) Inc. (the "Company" or "Pacific Ridge") are in the business of acquiring and exploring resource properties in Canada and the United States. Pacific Ridge is incorporated and domiciled in Canada under the *Business Corporations Act* (British Columbia). The address of its registered office is 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary capital to finance operations including contributions from future joint venture partners. The carrying value of the Company's mineral properties does not reflect current or future value.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statements of financial position. As of December 31, 2020, the Company had a working capital (current assets less current liabilities) of $557,162 (2019 - $833,090). The Company believes that based on its current working capital, it can sustain its operation and maintain its minimum obligations for the next year.

The COVID-19 pandemic had an initial negative impact on global financial markets, followed by a recovery, but significant volatility could still be expected. The economic viability of the Company's business plan could be impacted by its ability to obtain financing, and global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues.

In addition, as the health and safety of the Company's employees, contractors, visitors, and stakeholders are the Company's top priority, the Company will monitor developments with respect to COVID-19, both globally and within its operating jurisdictions, and will implement any such changes to its business as may be deemed appropriate to mitigate any potential impacts to its business and the stakeholders. Such changes, may include, but are not limited to, temporary closures of the Company's site exploration activities or offices, and deviations from the timing and nature of previous exploration plans.

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Except for available for sale investments, which are recorded at fair value, these consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, the Company's functional currency.

The consolidated financial statements were approved by the Board of Directors on April 27, 2021.

The summary of significant accounting policies used in the preparation of these consolidated financial statements is described below:

2. Summary of significant accounting policies (continued)

a) Consolidation

These co**nsolidate**d financial statements include the accounts of the Company and its wholly owned subsidiary Pacific Ridge Exploration (US) Inc. Subsidiaries are entities over which the Company has control. The Company controls a subsidiary when it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

The Company's subsidiary is:

Name of subsidiary	Jurisdiction of incorporation	Percent ownership	Principal activity
Pacific Ridge Exploration (US) Inc.	U.S.A.	100%	Mineral exploration

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short term highly liquid investments with original maturities of three months or less.

c) Foreign currency translation

The presentation currency and the functional currency of the Company is the Canadian dollar ("$"). The Company's foreign currency transactions are translated into the Canadian dollar at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities are translated using period end exchange rates with any gains and losses included in the determination of operating results.

d) Resource property acquisition costs

Resource properties consist of payments to acquire exploration and mining claims and property option payments. Acquisition costs are capitalized and deferred until such a time as the property is put into production or the property is disposed of either through sale or abandonment, or the property becomes impaired. If a property is put into production the costs of the acquisition will be amortized over the life of the property on a unit-of-production basis based on the estimated proven and probable reserves. Proceeds received from the sale or option of an interest in a property will be credited against the carrying value of the property, with any difference recorded as a gain or loss on sale. Option payments received in excess of the carrying value of a property are recorded as property option payments in the statement of comprehensive income (loss). If a property is abandoned or has become impaired, the acquisition costs will be written off or written down to operations.

Recorded costs of resource properties are not intended to reflect present or future values of the properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

2. Summary of significant accounting policies (continued)

e) Exploration and evaluation costs

Exploration and evaluation expenditures are expensed as incurred, until the property reaches the development stage. The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. Once rights to resource properties are obtained, all direct acquisition-related costs are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

f) Government grants and mining tax credits

Government grants and mining tax credits are assistance in cash based on eligible mineral exploration expenditures incurred. Government grants are recorded in profit and loss in the same period as the relevant exploration expenditures when reasonable assurance of their receipt has been obtained.

g) Flow-through shares

The Company finances a portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance of flow-through shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. Upon qualifying expenditures being incurred, the premium liability is de-recognized to other income.

h) Share-based payments

The Company has a stock option plan that is described in note 6. Share-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting periods using a graded attribution approach. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. If and when the stock options or warrants are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

i) Income taxes

Deferred income tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets or liabilities are calculated using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the deferred income tax assets or liabilities are expected to be settled or realized. Deferred tax assets are recognized only to the extent that it is probable that they will be realized.

2. Summary of significant accounting policies (continued)

j) Earnings/(loss) per common share

Basic earnings (loss) per share are computed by dividing income (or loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period.

The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the periods presented and accordingly, basic and diluted loss per share are the same.

k) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of (loss) income in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company's financial assets:

Financial asset	Classification
Cash	Amortized cost
Other receivables	Amortized cost
Marketable securities (excluding warrants)	FVTOCI
Warrants	FVTPL
Trade payable and accrued liabilities	Amortized cost

The Company has elected to classify its marketable securities as FVTOCI as they are not considered to be held for trading, and this presentation will prevent the statement of income (loss) from being impacted by value changes of these non-operating assets.

2. Summary of significant accounting policies (continued)

l) Impairment

Non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

m) Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the areas of estimate and judgment applied by management that most significantly affects the Company's financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Resource properties: The carrying value of the Company's mineral properties are reviewed by management quarterly, or whenever events or circumstances indicate that their carrying amounts may not be recovered. Management considers potential impairment indicators including, but not limited to, changes in commodity prices, plans for the properties and the results of exploration to date.

n) Leases

On January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. In accordance with the transition provisions in IFRS 16, the new rules were adopted retrospectively with the cumulative effect of initially applying the new standard recognized on January 1, 2019.

Upon adoption of IFRS 16, the Company recognized lease liabilities in relation to a sublease for office space which had previously been classified as "operating lease" under the principles of IAS 17 – *Leases* under which these lease payments were recorded as expenses as they were incurred. Under IFRS 16, these liabilities were measured at the present value of the remaining lease payments as at January 1, 2019, discounted using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 10%. The associated lease liability recognized as at January 1, 2019, was $44,041. Please refer to Note 11 for further details.

o) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the consolidated statement of loss during the period in which they are incurred. Depreciation is provided using the straight-line method at the following annual rates:

Computing equipment – 3 years

(Expressed in Canadian dollars)

3. Marketable securities

The fair value of the shares and warrants of third parties owned by the Company is as follows:

	Four Nines Gold Inc.				Trifecta Gold Ltd.		Total
	Common shares		Warrants		Common shares		
	Number	Fair value	Number	Fair value	Number	Fair value	Fair value
	#	$	#	$	#	$	$
Balance, December 31, 2018	60,000	15,000	30,000	980	200,000	10,000	25,980
Loss in fair value of securities	-	(6,300)	-	(980)	-	(2,000)	(9,280)
Expiry of warrants	-	-	(30,000)	-	-	-	-
Balance, December 31, 2019	60,000	8,700	-	-	200,000	8,000	16,700
Gain in fair value of securities	-	18,000	-	-	-	8,000	26,000
Balance, December 31, 2020	**60,000**	**26,700**	**-**	**-**	**200,000**	**16,000**	**42,700**

4. Equipment

The Company has the following assets classified as computing equipment:

	Computing equipment
	$
Balance, December 31, 2018	-
Additions	2,810
Depreciation	(267)
Balance, December 31, 2019	2,543
Additions	1,725
Depreciation	(1,370)
Balance, December 31, 2020	**2,898**

As at December 31, 2020	$
Cost	4,536
Accumulated depreciation	(1,638)
Net book value	**2,898**

(Expressed in Canadian dollars)

5. Resource properties

The Company has interests in mineral properties in British Columbia and Yukon in Canada. A summary of capitalized acquisition costs is as follows:

	Company-owned properties	On option from third parties			Total
	Mariposa YT	Spius BC	Kliyul BC	Redton BC	
	$	$	$	$	$
Balance, December 31, 2018	429,619	71,000	-	-	500,619
Impariment of resource properties	-	(71,000)	-	-	(71,000)
Balance, December 31, 2019	429,619	-	-	-	429,619
Option payments in cash	-	-	12,500	12,500	25,000
Balance, December 31, 2020	**429,619**	**-**	**12,500**	**12,500**	**454,619**

In addition to capitalized acquisition costs, the Company has incurred the following exploration and evaluation expenses:

Property	Province / Territory	Year ended December 31 2020	2019
		$	$
Kliyul	BC	**381,180**	5,367
Redton	BC	**182,157**	5,366
Spius	BC	**27,520**	255,555
Mariposa	YT	**526**	28,023
TL Zinc	BC	**-**	14,613
General exploration not allocated to a specific property		**13,438**	42,966
		604,821	351,890

5. Resource properties (continued)

a) Company-owned properties:

i) Mariposa property, Yukon

The Company acquired a 100% interest in the Mariposa property, Dawson Mining District, Yukon, in 2014. In September 2016, the Company optioned its Mariposa property to Four Nines. Pursuant to the terms of the agreement, amended in February 2017, in May 2017, in July 2017, and in January 2018, Four Nines could earn a stake in the property by issuing a certain number of Four Nines shares, making certain cash payments and performing a certain amount of work. Four Nines complied with the amounts required by December 31, 2017 by issuing to the Company 60,000 shares, 30,000 warrants (which expired unexercised) (Note 3), and payments of $30,000 in cash, and completed approximately $304,000 of exploration work in the property.

However, no further payments, either in securities or in cash were received from Four Nines, and the minimum exploration targets were not met. On March 8, 2019, the Company terminated the Four Nines option agreement. During 2019, Four Nines advanced $50,000 to the Company, which committed to carry out any possible reclamation work on behalf of Four Nines. This amount was recorded as an accrued liability. The Company is continuing exploration activities on Mariposa.

ii) Eureka Dome property, Yukon

On April 24, 2018, the Company entered into an option agreement with Trifecta, amended on December 19, 2018, whereby the Company granted Trifecta an option to acquire a 70% interest in its Eureka Dome property in the Dawson Mining District, Yukon.

Under the terms of the agreements, Trifecta had agreed to pay the Company an aggregate of $200,000 in cash (of which $10,000 was received during 2017 and an additional $10,000 during 2019), issue 1,000,000 Trifecta common shares in favour of the Company (of which 200,000 were received), and incur exploration expenses of not less than $2,500,000. However, on April 22, 2019, the option agreement with Trifecta was terminated because Trifecta was unable to fulfill its option requirements.

b) Company-owned properties on option to third parties

i) Fyre Lake property, Yukon

The Company owns a 100% interest in the Fyre Lake property, located in the Watson Lake Mining District, Yukon. On January 18, 2017, the Company closed an option agreement with BMC Minerals (No. 1) Ltd. ("BMC"), amended on December 19, 2018 and on April 10, 2020, whereby BMC has the right to acquire a 100% interest in Fyre Lake by making payments totalling $3,125,000 as follows:

A non-refundable deposit and initial option payment of $375,000 ($25,000 received in November 2016 and $350,000 received in January 2017), a second option payment of $300,000 received in December 2017, and a third option payment of $1,200,000 received on December 28, 2018. During the year ended December 31, 2019, the Company received a further $150,000. A special payment of $250,000 was made pursuant to the April 10, 2020 amending agreement. In order to exercise the option, BMC must make a final $1,000,000 payment. This payment is due within thirty days of BMC receiving the Type A Water License for the development of its proposed ABM Mine, but in any event no later than December 31, 2021. BMC will also continue payments to the Company of $75,000 every six months ($150,000 of these payments received during the year ended December 31, 2020), until the final tranche has been paid.

(Expressed in Canadian dollars)

5. Resource properties (continued)

b) Company-owned properties on option to third parties (continued)

i) Fyre Lake property, Yukon (continued)

In addition, if it exercises the option, BMC has agreed to make a bonus payment of $1,000,000 if and when BMC's Kudz Ze Kayah property has reached commercial production for one year.

As there is no carrying value for Fyre Lake on the Company's statement of financial position, these option payments are recorded as property option payments on the statement of loss and comprehensive loss.

c) Third party properties being optioned to the Company

i) Kliyul and Redton properties

On January 17, 2020, the Company entered into an earn-in property agreement (the "Kliyul-Redton Agreement"), amended on April 7, 2020, and on July 22, 2020, with Aurico Metals Inc. ("Aurico"), with respect to the Kliyul and Redton properties located in British Columbia (jointly, "the Properties").

Under the terms of the Kliyul-Redton Agreement, the Company, at its sole option, can earn a 51% undivided right, title and interest, other than underlying royalties, in the Properties by a payment to Aurico of $100,000 in cash of which $25,000 has been paid, the issuance of 2,000,000 common shares, and incurring expenditures in the aggregate amount of no less than $3,500,000, as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
To earn 51%:				
10,000	-	-	Upon execution and regulatory approval	(Paid)
15,000	-	-	December 31, 2020	(Paid)
20,000	-	1,250,000	December 31, 2021	
25,000	-	1,000,000	December 31, 2022	
30,000	2,000,000	1,250,000	December 31, 2023	
100,000	2,000,000	3,500,000		

Since inception and to December 31, 2020, the Company has incurred exploration expenses of $386,547 in Kliyul and $187,523 in Redton.

(Expressed in Canadian dollars)

5. Resource properties (continued)

c) Third party properties being optioned to the Company (continued)

i) Kliyul and Redton properties

In addition, the Company has the right to acquire, after the exercise of the 51% earn-in right, a 75% earned interest (an additional 24% undivided interest, other than underlying royalties) in the Properties by paying Aurico an additional $60,000 in cash, issuing an additional 1,500,000 common shares and incurring additional expenditures of no less than $3,500,000, as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
To increase to 75%:				
30,000	-	1,500,000	December 31, 2024	
30,000	1,500,000	2,000,000	December 31, 2025	
60,000	1,500,000	3,500,000		

The Kliyul property is subject to 2% net smelter return royalties. The Redton property is subject to (i) a 2.5% net smelter return royalty, with the right of reducing it to 1% for $2,000,000, and (ii) a 2% royalty.

d) Impaired properties

i) TL Zinc property, British Columbia

On August 11, 2016, the Company entered into an option agreement, amended on May 16, 2017 and on August 7, 2018, to acquire a 100% interest in the TL Zinc property, Vernon Mining Division, British Columbia.

During 2016, the Company had paid $20,000 in cash and issued 250,000 common shares valued at $25,000.

The proposed 2017 drill program at the TL Zinc property was suspended. Allegations of third-party interests in the 16 TL Zinc claims under option to Pacific Ridge were made. As there is uncertainty as to the outcome of any legal process to resolve the issue, the Company decided to abandon this project and impair its $45,000 carrying value at December 31, 2018.

On February 9, 2019, the Company received a default notice by the optionor of the TL Zinc property.

(Expressed in Canadian dollars)

5. Resource properties (continued)

d) Impaired properties

ii) Spius, British Columbia

On April 27, 2018, the Company entered into an option agreement to acquire a 100% interest in the Spius property, Nicola and New Westminster Mining Divisions, British Columbia. The terms of the option agreement as amended on December 10, 2019 are as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
10,000	200,000	-	Upon execution and regulatory approval	Completed
40,000	200,000	50,000	December 15, 2018	Completed
-	-	250,000	December 15, 2019	Completed
-	-	25,000	December 15, 2020	Completed
15,000	200,000	-	May 31, 2021	
15,000	200,000	-	December 15, 2021	
30,000	600,000	500,000	December 15, 2022	
110,000	1,400,000	825,000		

During the year ended December 31, 2020, exploration expenses incurred in Spius amounted to $33,484 (2019 - $255,555 and 2018 - $94,965), thus already exceeding the $325,000 cumulative commitment for 2020.

The agreement is subject to a 1% NSR to the property vendor, half of which can be purchased for $1,500,000, as well as an underlying 2% NSR, of which the Company has the right to buy down half for $1,500,000. In addition, bonus payments are payable upon certain advanced development mileposts. One of the underlying vendors of the Spius property is a company where a director of the Company owns a 25% interest. During the year ended December 31, 2018, the Company posted a bond for $12,500 for future reclamation costs with the Government of British Columbia, which was still outstanding as at December 31, 2020.

Due to weak geological results during 2019, well below the requirements for economic concentrations, the Company decided to impair its $71,000 carrying value while it carries out further assessment during 2019.

On October 20, 2020, the Company entered into an Option Agreement with Arctic Fox Interactive Ltd. ("Arctic Fox") and with the underlying owner of Spius, whereby the Company granted Arctic Fox an option to acquire a 60% interest in the Company's Spius Option by making payments to the Company of $50,000, issuing 1,000,000 shares and spending $550,000 on exploration by December 31, 2022. With this agreement, Arctic Fox effectively assumes the Company's obligations pursuant to the Spius option.

6. Share capital

a) Common Shares

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

During the year ended December 31, 2020, the Company closed a flow-through private placement at a price of $0.075 per unit ("FT Unit"). Each FT Unit was comprised of one common share of the Company that qualifies as a "flow-through share" for the purposes of the Income Tax Act (Canada) (an "FT Unit Share") and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional non-flow-through common share at an exercise price of $0.12 for a period of 18 months, subject to the following acceleration provision: if at any time after 4 months from the date of issue of the warrants the closing market price of the Company's common shares on the TSX Venture Exchange is greater than $0.35 per share for 20 consecutive trading days (the "Triggering Event"), the Company may, within 5 days of the Triggering Event, accelerate the expiry date of the warrants by giving notice thereof to the holders of the warrants, by way of press release, in which event the warrants will expire on the 30th day after the date on which such notice is given.

The private placement closed in two tranches: the first closing on August 11, 2020, by issuing 2,569,999 units for gross cash proceeds of $192,750, and the second and final closing on September 30, 2020, issuing an additional 550,000 units for additional gross cash proceeds of $41,250.

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components. The fair value of the common shares was determined by using the trading price of the Company's shares at the date of issuance. The excess of the unit price over the fair value of the common shares was used to determine the residual value. The residual value was allocated between warrants and the flow through liability by using their relative fair values as determined by the Black-Scholes option pricing model and the approximate expected tax benefit received by the investors, respectively.

The residual value of the unit offering after deducting the fair value of the common shares was $25,700 or $0.01 per share for the first tranche, of which $6,146 and $19,554 was allocated to the corresponding investors' warrants and flow-through premium liability, respectively. This flow-through premium liability was derecognized as deferred flow-through tax recovery in the Company’s consolidated statement of loss and comprehensive loss on December 31, 2020, as the Company incurred the $234,000 raised through the FT units in qualifying expenses.

The flow-through feature of the flow-through shares corresponding to the second tranche was valued at $nil. The corresponding warrants were also valued at $nil.

The Company paid finder's fees of 6% cash and 6% finder's warrants on a portion of the private placement. The cash finder’s fees, and other cash costs related to the offering, such as legal and filing fees, were charged to share issuance costs for a total of $18,895. In addition, the fair value of the finders’ warrants was calculated at $1,500 (note 5(b), below) and charged to share issuance costs.

The Company received final TSX Venture Exchange approval on October 7, 2020.

(Expressed in Canadian dollars)

6. Share capital (continued)

b) Share Purchase Warrants

A summary of the warrants outstanding is as follows:

	Number of Warrants	Exercise Price
	#	$
Balance, December 31, 2019 and 2018	-	-
Issued to investors	1,560,000	0.12
Issued to agents	57,000	0.12
Balance, December 31, 2020	1,617,000	0.12

As at December 31, 2020 the following share purchase warrants are outstanding:

Issue date	Type of warrants	Expiry date	Exercise price	Warrants outstanding
			$	#
August 11, 2020	Investor warrants	February 11, 2022	0.12	1,285,000
August 11, 2020	Agent warrants	February 11, 2022	0.12	33,000
September 30, 2020	Investor warrants	March 31, 2022	0.12	275,000
September 30, 2020	Agent warrants	March 31, 2022	0.12	24,000
			0.12	1,617,000

The fair value of the warrants issued to agents was calculated at $1,500 using the Black Scholes option pricing model with the following parameters: for the 33,000 agent warrants issued on August 11, 2020, expected volatility of 113.02%, risk-free interest rate of 0.26%. For the 24,000 agent warrants issued on September 30, 2020, expected volatility of 113.82%, risk-free interest rate of 0.31%.

(Expressed in Canadian dollars)

6. Share capital (continued)

c) Stock Options

The Company has a stock option plan in place authorizing the granting of stock options to qualified optionees to purchase a total of up to 10% of the then issued and outstanding common shares of the Company. Stock options generally are granted for a maximum term of five years and expire 90 days following the termination of the optionee's agreement. The exercise price for the options is set at the closing market price of the common shares on the grant date. The vesting periods of options vary with terms determined by the board of directors. The following options were granted pursuant to the Company's stock option plan:

- On January 4, 2019, the Company granted an aggregate of 1,050,000 fully vested stock options to certain directors, officers and a consultant. Each stock option is exercisable into one common share of the Company at an exercise price of $0.05 per common share for a period of five years.
- On March 17, 2020, the Company granted an aggregate of 750,000 fully vested stock options to certain directors and a consultant. Each stock option is exercisable into one common share of the Company at an exercise price of $0.05 per common share for a period of five years.
- On July 21, 2020, the Company granted 200,000 incentive stock options to an investor relations consultant pursuant to an agreement entered into on July 1, 2020 and expiring on November 30, 2020. The stock options will be exercisable for two years at an exercise price per share of $0.05. The Options will vest in stages over 12 months with 25% vesting each quarter following the date of granting.
- On October 22, 2020, the Company granted 350,000 fully vested incentive stock options to certain officers of the Company, exercisable into one common share of the Company at a price of $0.075 per share for a period of five years.

The Company applies the fair value method of accounting for stock options. Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The fair value of options granted was estimated at the grant date based on the *Black-Scholes* option-pricing model, using the following assumptions:

Date of grant	October 22, 2020	July 21, 2020	March 16, 2020	January 4, 2019
Number of options granted	350,000	200,000	750,000	1,050,000
Risk-free interest rate	0.36%	0.27%	0.93%	1.91%
Expected share price volatility	114.87%	117.38%	119.93%	125.35%
Expected option life in years	5	2	5	5
Calculated fair value	$ 21,072	$ 8,405	$ 17,439	$ 44,439
Expected dividend yield	Nil	Nil	Nil	Nil

(Expressed in Canadian dollars)

6. Share capital (continued)

c) Stock Options (continued)

Stock option transactions and the number of stock options outstanding and exercisable are summarized below:

Period ended:	December 31, 2020		December 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	#	$	#	$
Balance, beginning of year	3,060,000	0.06	2,010,000	0.06
Granted	1,300,000	0.05	1,050,000	0.05
Expired unexercised	(1,005,000)	0.05	-	-
Balance, end of year	3,355,000	0.06	3,060,000	0.06
Exercisable, end of year	3,205,000	0.06	3,060,000	0.06

Stock options exercisable are as follows:

Expiry date	Exercise price	December 31, 2020	December 31, 2019
	$	$	$
February 2, 2020	0.050	-	730,000
July 21, 2021	0.080	100,000	150,000
August 12, 2021	0.080	40,000	40,000
November 30, 2021	0.080	275,000	325,000
June 16, 2022	0.060	340,000	365,000
July 21, 2022	0.050	50,000	-
January 12, 2023	0.060	200,000	200,000
November 1, 2023	0.065	200,000	200,000
January 4, 2024	0.050	900,000	1,050,000
March 16, 2025	0.050	750,000	-
October 22, 2025	0.075	350,000	-
	0.059	3,205,000	3,060,000

(Expressed in Canadian dollars)

7. Government grants and tax credits

During the year ended December 31, 2020, the Company received $Nil (2019 - $8,979) from the Yukon Government for expenditures made on its OGI, RC and Eureka Dome properties in Yukon, Canada. During the year ended December 31, 2020, the Company received $347 (2019 - $37,135) as part of the British Columbia Mining Exploration Tax Credit ("BCMETC") for expenditures made on its Kliyul, Redton and Spius projects.

8. Related parties

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

The Company has no compensation arrangements with its board of directors other than non-cash stock option grants. The Company has no termination benefits, post-employment benefits and other long-term benefits in place. Key management includes the board of directors and executive officers.

Compensation awarded to key management is listed below:

	Year ended December 31	
	2020	2019
	$	$
Management fees paid to a company controlled by the CEO of the Company *	**96,000**	96,000
Management fees paid to a company controlled by the CFO of the Company	**39,000**	36,000
Share-based payments recorded for stock options granted to directors and officers of the Company (non-cash expense)	**16,484**	33,859
	151,484	165,859

No amounts were payable to related parties as at December 31, 2020 or 2019.

In addition, with respect to the option agreement for the purchase of the Spius property (Note 5(d)(ii)). The underlying vendors of this property include a company where a director of the Company owns a 25% interest.

9. Capital management

The Company's objective in managing its capital is to maintain the ability to continue as a going concern and to continue to explore the various properties for the benefits of its shareholders. The Company's operations have been and will continue to be funded by the sale of equity to investors.

The Company's capital includes the components of shareholders' equity. Capital requirements are driven by the Company's exploration activities on its mineral property interests and associated administration expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals.

The Company monitors actual expenses relative to the approved budget on all exploration projects and overheads to manage costs, commitments and exploration activities. There were no changes in the Company's approach to capital management during the year ended December 31, 2020.

10. Financial instruments

Fair values

As at December 31, 2020, the recorded amounts for cash, other receivables and trade payable and accrued liabilities approximate their fair values due to their short maturity. The Company's marketable securities and warrants are measured at fair value on a recurring basis. These financial instruments are grouped into Level 1 to 3 based on the degree to which the significant inputs used to determine the fair value are observable. Marketable securities are classified within level 1 of the fair value hierarchy as their fair value measurement is derived from quoted prices in active markets for identical assets. Warrants are classified within level 2 of the fair value hierarchy as their fair value measurement is derived from inputs other than quoted prices included within level 1, that are observable either directly or indirectly. No financial instruments were considered level 3, which are fair value measurements derived from valuation techniques that include significant inputs that are not based on observable market data.

Interest rate risk

The Company's cash held in financial institutions earns interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a material impact on the expected cash flows.

Credit risk

The Company has its cash deposited with large, federally insured, commercial financial institutions, and therefore exposed to minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. At December 31, 2020, the Company had cash of $628,720 (2019- $895,320), trade payable and accrued liabilities of $103,905 (2019 - $71,888), and a lease liability of $48,541 (2019 - $15,417) (note 11).

Currency risk

The Company keeps approximately 5% of its cash in US dollars. A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's working capital by approximately $3,000.

Price risk

The Company is exposed to price risk on its marketable securities and warrants due to fluctuations in the current market prices and fluctuations in trading volumes of those securities. At December 31, 2020, the Company held marketable securities with a fair value of $42,700 (2019 - $16,700). These investments are subject to market price fluctuations that can be significant.

(Expressed in Canadian dollars)

11. Right-of-use asset and lease liability

The Company recognizes lease liabilities in relation to a sublease agreement for office space. These liabilities are measured at the present value of the remaining lease payments starting on January 1, 2019, discounted by using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 10%. The associated lease liability recognized as at January 1, 2019 was $44,041.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on January 1, 2019. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The original lease expired on August 31, 2020. On September 1, 2020, the Company entered into a new sublease agreement, using the same methodology. The weighted average incremental borrowing rate applied to the lease liabilities on September 1, 2020 was 10%. The associated lease liability discounted with the incremental borrowing rate recognized as at September 1, 2020 was $52,967.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application, and lease liabilities recognized in the condensed consolidated interim statement of financial position at the date of initial application:

Lease liability		$
Operating lease commitments as at December 31, 2018		47,610
Discount using the incremental borrowing rate at January 1, 2019		(3,569)
Lease liability recognized as at January 1, 2019		44,041
Lease payments		(31,740)
Lease interest		3,116
Lease liability as at December 31, 2019		15,417
Setup of new lease agreement on September 1, 2020	63,480	
Discount using the incremental borrowing rate at September 1, 2020	(6,161)	
Value of lease as at September 1, 2020	57,319	**57,319**
Lease payments		(26,450)
Lease interest		2,255
Lease liability as at December 31, 2020		**48,541**
Current portion		27,920
Long-term portion		20,621
		48,541

Right-of-use asset	$
Value of right-of-use asset as at January 1, 2019	44,041
Amortization	(26,425)
Value of right-of-use asset as at December 31, 2019	17,616
Setup of new right-of-use asset on September 1, 2020	57,319
Amortization	(27,168)
Value of right-of-use asset as at December 31, 2020	**47,767**

(Expressed in Canadian dollars)

12. Income taxes

Reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax (recovery) expense for the years ended December 31, 2020 and 2018 is as follows:

	2020	2019
	$	$
Income for the year	(493,510)	(278,072)
Statutory tax rate	27%	27%
Expected income tax expense	(133,248)	(75,079)
Change in statutory rate	-	-
Non-deductible expenses	20,657	12,537
Change in unrecognized deferred income tax benefits	112,591	62,542
Income tax expense	-	-

A potential deferred income tax asset of approximately $7,117,354 arises from the following:

	2020	2019
	$	$
Non-capital loss carryforwards	750,810	742,298
Capital loss carryforwards	5,740	5,740
Mineral property	6,356,399	6,340,140
Deferred financing costs	4,405	788
Total unrecognized deferred income tax assets	7,117,354	7,088,966

The Company has not recorded potential deferred income tax assets as it is more likely than not that the deferred tax assets will not be recognized.

At December 31, 2020, included in the computation of the deferred tax assets noted above, the Company had approximately $2,780,778 of losses available for carry-forward from $26,381,832 of resource pools.

The loss carry-forward can be offset against income for Canadian income tax purposes in future years and will expire between 2030 and 2040 as below:

2030	$	239,449
2031		183,166
2032		76,150
2033		100,133
2034		785,069
2035		227,119
2036		251,004
2037		233,502
2038		241,016
2039		224,646
2040		219,524
	$	2,780,778

13. Segmented information

The Company has one business segment, the exploration of mineral properties, further subdivided into geographic regions. As at December 31, 2020, all of the Company's non-current assets were held in Canada; the same was true for 2019 except for a reclamation bond of $6,845 held in the United States, and fully refunded to the Company during 2019.

14. Contingent Liability

On October 23, 2018, the Canada Revenue Agency ("CRA") notified the Company that it would conduct an audit of the BC Mining Exploration Tax Credit ("BCMETC") with respect to the flow-through financing conducted during 2016, affecting the taxation years 2016 and 2017. For that 2016 flow-through financing, an amount of $434,600 was raised and the Company committed to renounce the same amount to the investors through Canadian Exploration Expenses ("CEE") to be incurred before the end of 2017.

On March 1, 2019, the CRA concluded its audit and issued a letter to the Company proposing a reclassification or reassessment of $366,730 as Canadian Development Expenses ("CDE"), which the CRA determined could not be renounced to investors, leaving only the remaining $67,870 as CEE. The CRA based its conclusion taking the position that expenses on mineral properties held under option agreements cannot be treated as CEE, and should be treated as CDE instead.

After obtaining advice from a law firm specializing in taxation issues, the Company submitted a response to the CRA outlining arguments by which the Company challenges the position taken by the CRA and requesting that the ruling be reconsidered.

As the Company had provided indemnity agreements to the investors that participated in the 2016 flow-through private placement, the Company would have been required to refund any personal tax reassessed to its investors. The Company estimated this amount to be equal to 50% of the amount denied, or $183,365, a reassessment of the BCMETC of $21,397 and $2,500 in fines, adding up to the $207,262 that the Company had set up set up in 2018 as a provision.

On December 6, 2019, the Company received a response from the Canada Revenue Agency, agreeing with the Company's position and reversing the proposed reassessment, and only requiring a reclassification of $7,112 of its Canadian Exploration Expenses ("CEE") to be treated as regular expenses.

Therefore, the 2018 provision of $207,262 was reversed in the year ended December 31, 2019.

15. Subsequent events

a) On March 8, 2021, the Company closed a non-brokered flow-through private placement by issuing 8,000,000 units at a price of $0.142 per unit ("FT Unit") for gross proceeds of $1,136,000 (the "Financing"). DELPHI Unternehmensberatung Aktiengesellschaft ("DELPHI") acquired all of the FT Units. Proceeds from this Financing will be used to drill the Kliyul copper-gold project, located in British Columbia.

Each FT Unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional non-flow-through common share at an exercise price of $0.15 for a period of 24 months. Securities issued in this private placement include a legend restricting trading of the securities until July 6, 2021. No finders' fees were payable in connection with the financing.

All proceeds will be used to incur eligible expenses ("Qualifying Expenses") that are "Canadian exploration expenses", within the meaning of subsection 66.1(6) of the Income Tax Act (Canada), which will also qualify as "flow-through mining expenditures", within the meaning of s. 127(9) of the Income Tax Act (Canada) and will be eligible for the BC 20% Flow-Through Share Tax Credit.

b) On March 9, 2021, the Company granted an aggregate of 850,000 stock options to two of its directors and to a consulting firm. Each option is exercisable into one common share of the Company for a period of five years from this date. Options granted to directors vest immediately, while the 200,000 options granted to the consultant will vest 25% each quarter over a 12-month period. The grant is subject to the terms of the Company's stock option plan and the policies of the TSX Venture Exchange.

* * * * *