TRIUMPH GOLD CORP.

(An Exploration Stage Corporation)

Consolidated Financial Statements
December 31, 2020 and 2019

(Expressed in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of Triumph Gold Corp.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the 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.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group 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 Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 23, 2021

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	December 31, 2020	December 31, 2019
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	4,268,216	923,110
Trade and other receivables	14,828	19,203
Prepayments and deposits (note 8)	175,501	470,525
	4,458,545	1,412,838
Non-current assets		
Right-of-use assets (note 8)	199,450	30,540
Property and equipment (note 4)	19,711	10,504
Investment in equities (note 5)	1	1
Exploration and evaluation assets (note 6)	3,289,816	3,224,855
	3,508,978	3,265,900
Total assets	7,967,523	4,678,738
LIABILITIES		
Current liabilities		
Trade and other payables (note 9)	204,600	229,458
Deferred premium on flow-through shares (note 7)	-	203,874
Lease liabilities (note 8)	92,250	30,540
	296,850	463,872
Non-current liabilities		
Lease liabilities (note 8)	106,219	-
Reclamation provision (note 6)	50,000	50,000
Total liabilities	453,069	513,872
SHAREHOLDERS' EQUITY		
Share capital (note 7)	72,645,002	66,077,019
Reserve (note 7)	8,619,380	6,807,217
Deficit	(73,749,928)	(68,719,370)
	7,514,454	4,164,866
Total shareholders' equity and liabilities	7,967,523	4,678,738

Nature and continuance of operations (note 1)
Commitments and contingency (note 8)
Subsequent events (note 14)

Approved on behalf of the board:

"John Anderson"	"Gregory Sparks"
John Anderson	Gregory Sparks
Director	Director

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

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the year ended	December 31, 2020	December 31, 2019
	$	$
Expenses		
Administrative expenses	225,757	266,514
Corporate communications	902,128	1,137,306
Depreciation (notes 4 and 8)	66,162	65,061
Exploration expenditures (notes 6 and 9)	1,364,632	2,522,306
Interest (note 8)	5,332	4,553
Listing and filing fees	33,266	32,497
Professional fees (note 9)	450,430	368,959
Share-based payments (notes 7 and 9)	1,662,139	908,321
Wages and salaries (note 9)	580,531	521,328
	(5,290,377)	(5,826,845)
Other items		
Interest and other income (note 6)	55,945	21,327
Flow-through share premium reversal (note 7)	203,874	577,541
Total other items	259,819	598,868
Net and comprehensive loss for the year	(5,030,558)	(5,227,977)
Loss per share - basic and diluted	**($0.04)**	**($0.06)**
Weighted average number of shares outstanding - basic and diluted	**119,159,937**	**90,868,161**

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

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Reserve	Deficit	Total Shareholders' Equity
		$	$	$	$
Balance, December 31, 2018	81,280,138	61,505,051	5,862,433	(63,491,393)	3,876,091
Shares issuance (note 7)	12,220,311	5,122,914	-	-	5,122,914
Share issue costs (note 7)	-	(247,555)	36,463	-	(211,092)
Flow-through share premium (note 7)	-	(781,415)	-	-	(781,415)
Warrants exercised (note 7)	4,944,804	478,024	-	-	478,024
Share-based payments (note 7)	-	-	908,321	-	908,321
Loss for the year	-	-	-	(5,227,977)	(5,227,977)
Balance, December 31, 2019	98,445,253	66,077,019	6,807,217	(68,719,370)	4,164,866
Shares issuance (note 7)	32,283,500	6,456,700	-	-	6,456,700
Share issue costs (note 7)	-	(506,610)	150,024	-	(356,586)
Warrants exercised (note 7)	6,865,476	617,893	-	-	617,893
Share-based payments (note 7)	-	-	1,662,139	-	1,662,139
Loss for the year	-	-	-	(5,030,558)	(5,030,558)
Balance, December 31, 2020	137,594,229	72,645,002	8,619,380	(73,749,928)	7,514,454

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

TRIUMPH GOLD CORP.
(An Exploration Stage Corporation)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the year ended	**December 31, 2020**	**December 31, 2019**
	$	**$**
Cash flows from operating activities		
Loss for the year	(5,030,558)	(5,227,977)
Items not involving cash		
Depreciation	66,162	65,061
Interest	5,332	4,553
Flow-through share premium reversal	(203,874)	(577,541)
Share-based payments	1,662,139	908,321
	(3,500,799)	(4,827,583)
Change in non-cash working capital		
Trade and other receivables	4,375	141,051
Prepayments and deposits	295,024	36,883
Trade and other payables	(24,858)	58,963
	(3,226,258)	(4,590,686)
Cash flows from investing activities		
Acquisition of property and equipment	(15,932)	(5,108)
Acquisition of exploration and evaluation assets	(64,961)	(34,624)
	(80,893)	(39,732)
Cash flows from financing activities		
Payment of security deposit	(3,500)	-
Payment of lease liabilities	(62,250)	(62,100)
Proceeds on issuance of common shares, net	6,100,114	4,911,822
Exercise of warrants	617,893	478,024
	6,652,257	5,327,746
Increase in cash and cash equivalents	3,345,106	697,328
Cash and cash equivalents, beginning of the year	923,110	225,782
Cash and cash equivalents, end of the year	4,268,216	923,110
Cash and cash equivalents consist of:		
Cash	245,791	149,860
Term deposit	4,022,425	773,250
	4,268,216	923,110
Cash paid for:		
Income taxes	-	-
Interest	-	-
	-	-

Non-cash transactions:

During the year ended December 31, 2020, the Company recorded $228,347 in right-of-use assets and corresponding lease liabilities of $224,847 in accordance with IFRS 16 (note 8).

During the year ended December 31, 2019, the Company:

a) recorded an $88,087 right-of-use asset and corresponding lease liability upon the adoption of IFRS 16 (note 8); and

b) recorded a $781,415 deferred premium on flow-through shares (note 7).

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Triumph Gold Corp. was continued under the British Columbia Business Corporations Act on December 19, 2011 and is extra-provincially registered in the Yukon Territory. The Company is listed on the TSX Venture Exchange ("TSXV"), having the symbol "TIG". The Company's principal business activity is the exploration for mineral resources, primarily in the Yukon Territory, Canada.

The Company's corporate office and principal place of business is Suite 1100, 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

The consolidated financial statements have been prepared on a going concern basis which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. Although the Company has a history of raising money, there is no guarantee of this in the future. In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on its business, results of operations, financial position and cash flows in the future. As a result, there always exists uncertainty that causes significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. BASIS OF PREPARATION

Statement of compliance

These audited consolidated financial statements for the Company for the years ended December 31, 2020 and 2019 are prepared in accordance with the International Financial Reporting Standards ("IFRS") which are issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on April 23, 2021.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI") which are stated at their fair value.

2. BASIS OF PREPARATION (continued)

Basis of measurement (continued)

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Use of estimates and judgments

The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant accounting estimates

a. The inputs used in accounting for share-based payments in profit or loss;
b. The estimated carrying value and impairment amount of each mineral property, determined by the recoverable amount of the asset;
c. The tax basis of assets and liabilities and related deferred income tax assets and liabilities; and
d. Amounts of provisions for environmental rehabilitation and restoration.

Significant accounting judgments

a. The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operation expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances; and
b. The assessment of indications of impairment of each mineral property.

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Bushmaster Exploration Services (2007) Ltd. All significant intercompany transactions and balances have been eliminated upon consolidation. The financial statements of the subsidiary are prepared using consistent accounting policies and reporting dates of the Company. The functional currency for the Company and its subsidiary is the Canadian dollar.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

Exploration and evaluation assets (“E&E”)

The Company’s mineral interests comprise mineral property surface rights, mining titles, exploration licenses, exploitation permits and concession contracts. All direct costs related to the acquisition of mineral interests are capitalized and classified as intangible assets. All other E&E costs incurred prior to a decision to proceed with development are charged to profit and loss as incurred. When a decision to proceed with development is made, development costs subsequently incurred to develop a mine prior to the start of mining operations are capitalized and carried at cost.

Subsequent to entering production, acquisition costs and development expenditures are tested for impairment and then transferred to mineral interests within property and equipment. Mineral interests are classified as tangible assets and depreciated when such assets are put in use.

The Company assesses mineral interests for impairment when indicators of impairment are present and at least annually. When a project is deemed to no longer have commercially viable prospects to the Company, mineral interests in respect of that project are deemed to be impaired. As a result, those mineral interests, in excess of estimated recoveries, are written off and recognized in profit and loss.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration costs. Exploration and evaluation acquisition costs that are capitalized are included as part of cash flows from investing activities whereas exploration and evaluation expenditures that are expensed are included as part of cash flows from operating activities.

The Federal and Provincial taxation authorities provide Companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction to exploration expenditures in the period that the related expenditures are incurred. The accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments, if any, resulting from such a review are recorded in the year the tax filing is amended.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item comprising property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded on a declining balance basis at the following annual rates, except in the year of acquisition when one-half of the rate is used:

Automotive	30%
Computer equipment	2 year straight line
Equipment	20%
Furniture and fixtures	20%

An item comprising property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property and equipment comprises major components with different useful lives, the components are accounted for separately. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

Reclamation obligations

The Company recognizes liabilities for statutory, constructive or legal obligations associated with the reclamation of exploration and evaluation assets, or property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The Company records the present value of the estimated costs of statutory, legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and the cost is depreciated as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in profit or loss in the consolidated statement of loss and comprehensive loss for the period. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Foreign currency translation

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by using the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the reporting date and the related translation differences are recognized in profit and loss. Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into 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 share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financing expense until qualifying expenditures are incurred.

Valuation of equity units issued in private placements

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

Earnings (loss) per common share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings (loss) per common share (continued)

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. As at December 31, 2020 there were 13,585,000 (2019 – 9,035,000) options and 39,536,759 (2019 – 25,997,440) warrants outstanding that were not included as their inclusion was anti- dilutive in nature.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

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

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

The fair value of each option granted is calculated at the time of the grant by using the Black-Scholes Option Pricing Model based on historical volatility. All equity-settled share-based payments are reflected in the reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in the reserve is credited to share capital, adjusted for any consideration paid. Where options expire unexercised no adjustment is made to reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

In accordance with IFRS 9, the Company's classification of financial instruments is as follows:

Financial asset/liability	Classification
Cash and cash equivalents	FVTPL
Trade and other receivables	Amortized cost
Investment in equities	FVTPL
Trade and other payables	Amortized cost

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost, calculated using the effective interest rate method, less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

Expected Credit Loss Impairment Model

The Company follows the single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. There was no impact on the Company's financial statements for the years ended December 31, 2020 and 2019.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date. The assets are depreciated over the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of future economic benefits.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease obligation. The lease obligation is subsequently measured at amortized cost using the effective interest rate method.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New or revised accounting standards not yet adopted

The adoption of the following standards and interpretations, which have been issued but are not yet effective, are not expected to have a material effect on the Company's future results and financial position:

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These amendments are effective for reporting periods beginning on or after January 1, 2022.

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

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. PROPERTY AND EQUIPMENT

	Automotive	Computer Equipment	Equipment	Furniture and Fixtures	Total
	$	$	$	$	$
Cost					
Balance, December 31, 2018	107,242	20,336	68,047	-	195,625
Additions	-	5,108	-	-	5,108
Balance, December 31, 2019	107,242	25,444	68,047	-	200,733
Additions	-	2,581	8,351	5,000	15,932
Balance, December 31, 2020	107,242	28,025	76,398	5,000	216,665
Accumulated depreciation					
Balance, December 31, 2018	105,941	15,227	61,547	-	182,715
Depreciation	390	5,824	1,300	-	7,514
Balance, December 31, 2019	106,331	21,051	62,847	-	190,229
Depreciation	273	4,077	1,875	500	6,725
Balance, December 31, 2020	106,604	25,128	64,722	500	196,954
Net book value					
As at December 31, 2019	911	4,393	5,200	-	10,504
As at December 31, 2020	638	2,897	11,676	4,500	19,711

(Expressed in Canadian dollars)

5. INVESTMENT IN EQUITIES

The Company holds securities that have been designated as FVTPL as follows:

	Cost	Fair Market Value
	$	$
Balance, December 31, 2018, 2019 and 2020		
150,000 common shares of Dawson Gold Corp.	380,000	1

The shares of FluidOil Limited (formerly Dawson Gold Corp.) were halted on the TSXV. During the years ended December 31, 2020 and 2019, no trading occurred and the shares were delisted during the prior year.

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets and related expenditures comprise:

Freegold Mountain, Canada

The Freegold Mountain project is comprised of the following exploration properties:

(i) Tinta Hill Property, Yukon

The Company holds a 100% interest in the Tinta Hill Property subject to an annual advanced royalty payment of $20,000 and a 3% Net Smelter Return ("NSR"). The advanced royalty payment will be netted against royalty interest payments after commencement of commercial production. Of the 3% NSR, the Company can elect to purchase 2% at a cost of $250,000 for the first 1% and $1,000,000 for the second 1%.

As at December 31, 2020, the total advanced royalty payment made was $80,000 (December 31, 2019 – $60,000). During the year ended December 31, 2020, the Company paid $7,304 (December 31, 2019 - $Nil) in filing fees for the Tinta Hill Property.

(ii) Freegold Property, Yukon

The Company holds a 100% interest in the Freegold Property subject to an annual advanced royalty payment of $ 10,000 and a 3% NSR. The advanced royalty payment will be netted against royalty interest payments after commencement of commercial production. Of the 3% NSR, the Company can elect to purchase 2% at a cost of $250,000 for the first 1% and $1,000,000 for the second 1%.

As at December 31, 2020, the total advanced royalty payment made was $40,000 (December 31, 2019 – $30,000). During the year ended December 31, 2020, the Company paid $7,304 (December 31, 2019 - $Nil) in filing fees for the Freegold Property.

(iii) Goldstar Property, Yukon

The Company holds a 100% interest in the Goldstar Property subject to an advance payment of $10,000 and a 3% NSR. The advanced royalty payment will be netted against royalty interest payments after the commencement of commercial production. Of the 3% NSR, the Company can elect to purchase 2% at a cost of $500,000 for the first 1% and $1,000,000 for the second 1%.

As at December 31, 2020, the total advanced royalty payment made was $40,000 (December 31, 2019 – $30,000).

6. EXPLORATION AND EVALUATION ASSETS (continued)

Freegold Mountain, Canada (continued)

(iv) Golden Revenue Property, Yukon

The Company holds a 100% interest in the Golden Revenue Property subject to a 1% NSR in favour of ATAC Resources Ltd on that portion of the property which is not subject to an underlying royalty. There is a 2% underlying NSR on a portion of the property. A total of 75% of the underlying NSR (1.5% NSR) may be purchased at any time for $600,000. On June 13, 2018, the Company acquired the underlying NSR for a purchase price of $100,000, thereby conveying the exclusive right to be paid all future rights associated from the NSR to the Company.

During the year ended December 31, 2020, the Company paid $7,303 (December 31, 2019 - $Nil) in filing fees for the Golden Revenue Property.

To December 31, 2020 and 2019, the Company has recorded a $50,000 provision for reclamation activity related to the Freegold Mountain project.

Other, Canada

(i) Tad/Toro Property, Yukon

The Company holds a 100% interest in the Tad/Toro Property subject to a 3% NSR, of which the first 1% may be purchased for $500,000 and a second 1% for $1,000,000. During the year ended December 31, 2020, the Company paid $3,050 (December 31, 2019 - $Nil) in filing fees for the Tad/Toro Property.

The Company wrote-down the value of the Tad/Toro Property to $1 in previous years.

(ii) Andalusite Peak, British Columbia, Canada

The Company staked the Andalusite Peak Property and held a 100% interest. On August 8, 2019, the Company and Rio Tinto Exploration Canada Inc. (“RTEC”) entered into an option agreement whereby RTEC has the option to obtain a 100% interest in the Andalusite Peak property. Under the terms of the option agreement, 100% ownership of the claims were transferred to RTEC and RTEC agreed to pay $3,000,000 over a five-year option period and reserve for the Company a 1% net smelter returns royalty, which is capped at $50 million. 100% interest in the Andalusite Peak property will be returned to the Company if RTEC opts out of the staged payments totaling $3,000,000 over the five year option period. The sum of $25,000 was paid to the Company (of which $10,420 has been credited against exploration and evaluation assets and the excess of $14,580 over the carry amount was recognized in other income during the year ended December 31, 2019) within 45 days of the option agreement date. A further $50,000, was payable on or before the first anniversary date of the option agreement. The payment was received on July 21, 2020 and recognized in other income during the year ended December 31, 2020. On December 15, 2020, RTEC provided notice of termination of the option agreement and 100% ownership of the Andalusite Property was transferred back to the Company.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

	Freegold Mountain	Other	Andalusite Peak	Total
	$	$	$	$
Exploration and Evaluation Assets				
Balance, December 31, 2018	3,184,688	1	5,542	3,190,231
Additions	40,166	-	4,878	45,044
Option payment - Received	-	-	(25,000)	(25,000)
Option payment - Excess of proceeds over carrying amount	-	-	14,580	14,580
Balance, December 31, 2019	3,224,854	1	-	3,224,855
Additions	61,911	3,050	-	64,961
Balance, December 31, 2020	3,286,765	3,051	-	3,289,816
Current Exploration Expenditures				
Year ended December 31, 2019				
Administrative	2,577	-	25	2,602
Assaying	157,394	11,512	-	168,906
Camp costs	267,839	7,350	-	275,189
Drilling	834,959	-	-	834,959
Environmental	2,454	-	-	2,454
Equipment and supplies	179,184	1,045	-	180,229
Geological costs	287,460	7,350	-	294,810
Geophysical costs	8,000	-	-	8,000
Helicopter	-	23,212	-	23,212
Resource work	53,650	-	-	53,650
Transportation and storage	49,483	-	-	49,483
Travel and accomodation	41,047	-	-	41,047
Wages and labour costs	580,940	6,825	-	587,765
Total	2,464,987	57,294	25	2,522,306
Year ended December 31, 2020				
Administrative	254	-	-	254
Assaying	89,669	-	-	89,669
Camp costs	80,230	-	-	80,230
Community relations	375	-	-	375
Drilling	321,226	-	-	321,226
Equipment and supplies	60,798	-	-	60,798
Geological costs	372,723	-	-	372,723
Geophysical costs	5,000	-	-	5,000
Resource work	64,577	-	-	64,577
Transportation and storage	37,901	-	-	37,901
Travel and accomodation	15,855	-	-	15,855
Wages and labour costs	316,024	-	-	316,024
Total	1,364,632	-	-	1,364,632

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

	Freegold Mountain	Other	Andalusite Peak	Total
	$	$	$	$
Cumulative Exploration Expenditures				
Administrative	680,991	-	550	681,541
Assaying	896,900	12,172	2,132	911,204
Camp costs	3,715,317	10,800	86	3,726,203
Community relations	9,125	-	-	9,125
Drilling costs	17,575,001	-	-	17,575,001
Environmental	33,800	-	-	33,800
Equipment and supplies	893,302	2,275	2,000	897,577
Exploration grant	(325,455)	-	-	(325,455)
Geological costs	5,851,858	46,577	200	5,898,635
Geophysical costs	1,446,742	-	-	1,446,742
Helicopter	7,942	30,841	4,465	43,248
Reclamation provision	50,000	-	-	50,000
Resource work	243,501	-	-	243,501
Transportation and storage	1,452,503	22,632	2,423	1,477,558
Travel and accomodation	800,308	100	6,369	806,777
Wages and labour costs	11,980,372	27,238	14,937	12,022,547
Total	45,312,207	152,635	33,162	45,498,004

7. SHARE CAPITAL

Authorized:

Unlimited common shares with no par value

Unlimited preferred shares, the series rights and restrictions to be determined by the Board of Directors on issuance

Issued:

For the year ended December 31, 2020

(i) On July 17, 2020, the Company completed non-brokered private placement of 16,598,500 units at a price of $0.20 per unit for aggregate gross proceeds of $3,319,700. Each unit comprises one common share and one transferable common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.30 per share for a period of 3 years. Share issuance costs and finders' fees of $121,476 were paid in connection with the private placement. The Company also issued 274,645 finders' warrants which were recorded at a fair value of $39,571. The fair value was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 0.28%, share price on grant date of $0.20 and an expected volatility of 80.25%. The finders' warrants are exercisable at a price of $0.25 until July 17, 2023.

7. SHARE CAPITAL (continued)

Issued: (continued)

For the year ended December 31, 2020 (continued)

(ii) The Company completed non-brokered private placement in tranches as to 15,000,000 on July 24, 2020 and 685,000 on December 30, 2020, for a total of 15,685,000 units at a price of $0.20 per unit for aggregate gross proceeds of $3,137,000. Each unit comprises one common share of the Company and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.30 per share for a period of 3 years. Share issuance costs and finders' fees of $235,110 were paid in connection with the private placement. The Company also issued 627,200 finders' warrants which were recorded at a fair value of $110,453. The fair value was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 0.27%, share price on grant date of $0.20 and an expected volatility of 80.55%. The finders' warrants are exercisable at a price of $0.25 until July 24, 2023.

(iii) During the year ended December 31, 2020, 6,865,476 warrants were exercised for proceeds of $617,893.

For the year ended December 31, 2019

(i) On May 14, 2019, the Company completed a private placement financing of 2,887,500 non-flow through units at a price of $0.35 per unit for gross proceeds of $1,010,625. Each unit is comprised of one common share of the Company and one-half share purchase warrant of the Company. Each full warrant is exercisable into an additional common share at a price of $0.60 per share until May 14, 2021. Share issuance costs and finders' fees of $80,140 were paid in connection with the private placement. The Company also issued 59,185 finders' warrants which were recorded at a fair value of $5,550. The fair value was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.58%, share price on grant date of $0.35 and an expected volatility of 76.29%. The finders' warrants are exercisable at a price of $0.60 until May 14, 2021.

(ii) On June 12, 2019, the Company completed a private placement financing of 878,766 non-flow through units at a price of $0.35 per unit for gross proceeds of $307,568 and 3,357,144 flow-through units at a price of $0.49 per unit for gross proceeds of $1,645,001. Each non-flow-through and flow-through unit i comprised of one non-flow through and one flow-through common share, respectively, of the Company and one-half share purchase warrant of the Company. Each full warrant is exercisable into an additional common share at a price of $0.60 per share until June 12, 2021.

On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of $447,020 that investors paid for the flow-through feature, which is recognized as a liability and; ii) share capital of $1,197,981. To December 31, 2019, the Company expended $1,645,001 in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to $Nil. Share issuance costs and finders' fees of $22,580 were paid in connection with the private placement. The Company also issued 41,493 finders' warrants which were recorded at a fair value of $5,792. The fair value was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.44%, share price on grant date of $0.41 and an expected volatility of 81.94%. The finders' warrants are exercisable at a price of $0.60 until June 12, 2021.

7. SHARE CAPITAL (continued)

Issued: (continued)

For the year ended December 31, 2019 (continued)

(iii) On July 11, 2019, the Company completed a private placement financing of 2,269,743 non-flow-through units at a $0.35 per unit for gross proceeds of $794,410. Each non-flow-through unit is comprised of one common share of the Company and one-half share purchase warrant of the Company. Each full warrant is exercisable into an additional common share at a price of $0.60 per share until July 11, 2021. Share issuance costs and finders' fees of $75,711 were paid in connection with the private placement. The Company also issued 130,582 finders' warrants which were recorded at a fair value of $23,516. The fair value was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.52%, share price on grant date of $0.51 and an expected volatility of 72.71%. The finders' warrants are exercisable at a price of $0.60 until July 11, 2021.

(iv) On July 18, 2019, the Company completed a private placement financing of 142,842 non-flow through units at a price of $0.35 per unit for gross proceeds of $49,995 and 1,284,316 flow-through units at a price of $0.49 per unit for gross proceeds of $629,315. Each non-flow-through and flow-through unit is comprised of one non-flow through and one flow-through common share, respectively, of the Company and one-half share purchase warrant of the Company. Each full warrant is exercisable into an additional common share at a price of $0.60 per share until July 18, 2021.

On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of $160,756 that investors paid for the flow-through feature, which is recognized as a liability and; ii) share capital of $468,559. To December 31, 2019, the Company expended $439,501 in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to $30,235. The Company expended the remaining eligible exploration expenditures during the year ended December 31, 2020 and, accordingly, the flow-through liability was reduced to $Nil. Share issuance costs and finders' fees of $18,593 were paid in connection with the private placement. The Company also issued 9,999 finders' warrants which were recorded at a fair value of $1,605. The fair value was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.43%, share price on grant date of $0.48 and an expected volatility of 72.64%. The finders' warrants are exercisable at a price of $0.60 until July 18, 2021.

(v) On July 24, 2019, the Company completed a private placement financing of 1,400,000 flow-through units at a $0.49 per unit for gross proceeds of $686,000. Each flow-through unit is comprised of one flow-through common share of the Company and one-half share purchase warrant of the Company. Each full warrant is exercisable into an additional common share at a price of $0.60 per share until July 24, 2021. Share issuance costs of $14,068 were paid in connection with the private placement.

On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of $173,639 that investors paid for the flow-through feature, which is recognized as a liability and; ii) share capital of $512,361. To December 31, 2019, the Company had not expended any eligible exploration expenditures. The Company expended the remaining eligible exploration expenditures during the year ended December 31, 2020 and, accordingly, the flow-through liability was reduced to $Nil.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Issued: (continued)

For the year ended December 31, 2019 (continued)

(vi) During the year ended December 31, 2019, 4,944,804 warrants were exercised for proceeds of $478,024.

Stock options:

The Company has a stock option plan whereby options to purchase common shares are granted by the board of directors to directors, officers, employees and consultants to the Company. Under the terms of the plan, the Company has reserved an amount of common shares for options up to 10% of the issued and outstanding common shares. Options granted under this plan are non-transferable; expire no later than the tenth anniversary of the date the option is granted and must comply with the requirements of the regulatory authorities.

A summary of outstanding stock options at December 31, 2020 is as follows:

Number of stock options outstanding	Exercise price	Expiry date		Number of stock options exercisable
	$			
570,000	0.50	July 26, 2022		570,000
3,890,000	0.40	July 30, 2022		3,890,000
225,000	0.40	December 20, 2022		225,000
1,250,000	0.40	July 20, 2023		1,250,000
1,200,000	0.55	July 26, 2024		900,000
6,450,000	0.30	July 24, 2025	*	5,650,000
13,585,000				12,485,000

* A total of 300,000 stock options were cancelled subsequent to the year-end.

Stock option transactions are summarized as follows:

	Number of stock options	Weighted average exercise price	Weighted average remaining life
		$	
December 31, 2018	7,765,000	0.40	3.84
Cancelled	(1,350,000)	(0.40)	
Granted	2,620,000	0.54	
December 31, 2019	9,035,000	0.44	3.21
Cancelled	(1,900,000)	(0.46)	
Granted	6,450,000	0.30	
December 31, 2020	13,585,000	0.37	3.17

7. SHARE CAPITAL (continued)

Stock options (continued):

On July 24, 2020, the Company granted a total of 6,450,000 stock options to directors, officers, consultants and employees. These options vest as to 5,650,000 immediately, 400,000 on January 24, 2021, 200,000 on April 24, 2021 and 200,000 on July 24, 2021. The total fair value of $1,405,288 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 0.32%, share price on grant date of $0.31 and an expected volatility of 91.83%. The vesting of these options resulted in a total share-based compensation expense of $1,345,978 which was recorded during the year ended December 31, 2020.

On July 26, 2019, the Company granted a total of 670,000 stock options to consultants and employees. The stock options are exercisable at $0.50 per share until July 26, 2022 and vest fully on January 19, 2020. The total fair value of $170,505 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 1.52%, share price on grant date of $0.51 and an expected volatility of 74.66%. The vesting of these options resulted in a total share-based compensation expense of $28,418 (December 31, 2019 - $142,087), which was recorded during the year ended December 31, 2020.

On July 26, 2019, the Company granted a total of 1,950,000 stock options to directors, officers, consultants and employees. These options vest as to 487,500 immediately, 487,500 on January 26, 2020, 487,500 on July 26, 2020 and 487,500 on January 26, 2021. The total fair value of $784,888 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.46%, share price on grant date of $0.51 and an expected volatility of 112.00%. The vesting of these options resulted in a total share-based compensation expense of $277,981 (December 31, 2019 - $496,006), which was recorded during the year ended December 31, 2020.

The Company recorded a further $9,762 (December 31, 2019 - $270,228) in share-based compensation relating to previously granted stock options which vested during the year ended December 31, 2020.

Expected volatility is determined by reference to the Company's historical stock prices.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Warrants:

A summary of outstanding warrants at December 31, 2020 is as follows:

Number of warrants outstanding	Exercise price	Expiry date	Remaining life (years)
	$		
1,502,935	0.60	May 14, 2021	0.37
2,159,448	0.60	June 12, 2021	0.45
1,265,453	0.60	July 11, 2021	0.53
723,578	0.60	July 18, 2021	0.55
700,000	0.60	July 24, 2021	0.56
16,598,500	0.30	July 17, 2023	2.54
274,645	0.25	July 17, 2023	2.54
15,000,000	0.30	July 24, 2023	2.56
627,200	0.25	July 24, 2023	2.56
685,000	0.30	December 31, 2023	3.00
39,536,759			

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price	Weighted average remaining life
		$	
December 31, 2018	24,590,831	0.29	1.30
Issued	6,351,414	0.60	
Exercised	(4,944,804)	(0.10)	
Expired	(1)	(0.10)	
December 31, 2019	25,997,440	0.40	0.71
Issued	33,185,345	0.30	
Exercised	(6,865,476)	(0.09)	
Expired	(12,780,550)	(0.46)	
December 31, 2020	39,536,759	0.35	2.22

Reserve:

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Any fair value attributed to the warrants is recorded in the reserve. If the warrants expire unexercised, the value attributed to the warrants is transferred to deficit.

(Expressed in Canadian dollars)

8. COMMITMENTS AND CONTINGENCY

a) As of December 31, 2020, the Company has $19,583 (December 31, 2019 – $19,628) in term deposits with a Canadian financial institution for the guarantee of business credit cards.

b) The Company has included in officers' employment agreements a change in control clause that entitles them to a lump sum severance payment equal to 1.5 to 2.0 times their annual base salaries. This would amount to up to $360,000 based on salaries in effect as at December 31, 2020.

c) Under the terms of the Company's by-laws, the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company. The claims covered by such indemnifications are subject to statutory and other legal limitation periods.

d) On July 10, 2018, the Company entered into a sublease agreement that provides for a base rent of $5,175 per month, commencing September 1, 2018 to August 31, 2020. At December 31, 2019, a security deposit consisting of the last two months of rent, totaling $10,350, had been recorded in prepaids and deposits.

The Company initially recognized a lease liability obligation related to its lease commitment for its office lease of $88,087. The liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 8% as at January 1, 2019. The associated right-of-use asset was measured at the lease obligation amount, resulting in no adjustment to the opening balance of deficit. The right-of-use asset will be depreciated and the Company will record a related interest expense over the term of the lease liability obligation. During the year ended December 31, 2020, the Company paid lease obligations of $31,050, thereby reducing the lease liability, recorded $30,540 in depreciation of the right-of-use asset and $510 in interest expense.

Commencing September 1, 2020, the Company extended the sublease to August 31, 2022. The Company recognized a lease liability obligation and associated right-of-use asset related to its lease commitment for its office lease of $115,185. The liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 8%. The right-of-use asset will be depreciated and the Company will record a related interest expense over the term of the lease liability obligation. During the year ended December 31, 2020, the Company paid lease obligations of $20,700, thereby reducing the lease liability, recorded $19,197 in depreciation of the right-of-use asset and $2,755 in interest expense.

The Company will depreciate the right-of-use asset and record interest over the remaining lease commitment period as follows:

	Depreciation	Interest
	$	$
2021	57,593	5,313
2022	38,395	947
	95,988	6,260

(Expressed in Canadian dollars)

8. COMMITMENTS AND CONTINGENCY (continued)

e) Commencing October 1, 2020, the Company entered into a lease agreement that provides for a base rent of $3,500 per month, commencing October 1, 2020 to October 31, 2023.

The Company recognized a lease liability obligation and associated right-of-use asset related to its lease commitment for its office lease of $109,662. Included in the right-of-use asset is $3,500, representing the last month's rent, prepaid in advance. The liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 8%. The right-of-use asset will be depreciated and the Company will record a related interest expense over the term of the lease liability obligation. During the year ended December 31, 2020, the Company paid lease obligations of $10,500, thereby reducing the lease liability, recorded $9,700 in depreciation of the right-of-use asset and $2,067 in interest expense.

The Company will depreciate the right-of-use asset and record interest over the remaining lease commitment period as follows:

	Depreciation	Interest
	$	$
2021	38,798	6,537
2022	38,798	3,593
2023	25,866	640
	103,462	10,770

9. RELATED PARTY TRANSACTIONS

The Company had the following transactions involving key management during the year ended December 31, 2020:

(i) An officer of the Company provides accounting services to the Company. Professional fees incurred during the year were $68,000 (2019 - $48,000). At December 31, 2020, this officer was owed $4,200 (2019 - $4,200).

(ii) Westview Consulting Ltd., a company controlled by the former President and CEO of the Company, provided management and geological services during the year. Consulting fees incurred during the year were $nil (2019 – $45,000) was recorded in exploration expenditures.

(iii) Purplefish Capital Limited, a company controlled by a director of the company, provides consulting services to the Company. Consulting fees incurred during the year, including in wages and salaries, were $156,392 (2019 - $97,000).

(iv) Brian Bower Consulting, a company controlled by a director of the company, provides geological services during the year. Geological fees incurred during the year of $40,500 (2019 – $nil) were recorded in exploration expenditures. At December 31, 2020, this company was owed $6,274 (2019 – $nil).

9. RELATED PARTY TRANSACTIONS (continued)

(v) Halle Geological Services Ltd., a company controlled by the VP of Exploration of the company provided geological services and consulting fees. Geological fees incurred during the year were $238,339 (2019 - $nil) and consulting fees incurred during the year, included in corporate communications, were $18,794 (2019 - $nil). At December 31, 2020, this company was owed $14,293 (2019 - $nil).

(vi) Wiklow Corporate Services, Inc. a company controlled by an officer of the Company provided consulting services to the Company. Professional fees incurred during the year were $49,500 (2019 - $10,500). At December 31, 2020, this company was owed $3,675 (2019 - $3,763).

(vii) Wages and salaries of $295,000 (2019 – $395,150) were paid to directors and officers of the Company.

(viii) Directors of the Company were paid consulting fees of $90,000 (2019 – $100,000) and were recorded in wages and salaries. At December 31, 2020, the directors were owed $120,000 (2019 - $125,000).

(ix) Recorded $867,394 (2019 - $555,176) in share-based payments, for stock options granted and vested, to officers and directors of the Company.

10. SEGMENTED INFORMATION

The Company operates in one operating segment, that being exploration of mineral properties. All of the Company's assets are located in Canada.

11. CAPITAL MANAGEMENT

The Company includes cash and cash equivalents and equity, comprising issued common shares, reserve and deficit, in the definition of capital.

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk - The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper. Other receivables are comprised primarily of tax receivables generated on the purchase of supplies and services for the Company's exploration programs, which are refundable from the Canadian government. The Company's maximum exposure to credit risk is the carrying amount of financial assets on the consolidated statements of financial position.

Liquidity Risk – The Company's cash and cash equivalents are invested in business accounts with high-credit quality financial institutions which are available on demand for the Company's programs. Future operations or exploration programs will require additional financing primarily through equity markets.

The Company has lease obligations (note 8), the maturity of which are as follows:

	Total
	$
Due within 1 year	104,100
Due in 2 years	83,400
Due in 3 years	28,000
	215,500

Market Risk – Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices.

Interest rate risk – In respect to the Company's financial assets, the interest rate risk mainly arises from the interest rate impact on cash and cash equivalents and term deposits. Every 1% fluctuation in interest rates up or down would have an insignificant impact on profit or loss.

Foreign currency risk - The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk and has no financial instruments held in United States funds. Therefore, foreign currency risk is minimized.

Commodity price risk – The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand. The Company is not exposed to significant price risk.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS (continued)

Fair Value - The Company has various financial instruments comprised of cash and cash equivalents, trade and other receivables, investment in equities, trade and other payables and lease liabilities.

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
December 31, 2020				
Assets:				
Cash and cash equivalents	4,268,216	-	-	4,268,216
Investment in equities	-	-	1	1
December 31, 2019				
Assets:				
Cash and cash equivalents	923,110	-	-	923,110
Investment in equities	-	-	1	1

13. INCOME TAXES

As of December 31, 2020 and 2019, a reconciliation of the statutory tax rate to the average effective rate for the Company is as follows:

	2020	**2019**
	$	**$**
Loss before income tax	(5,030,558)	(5,227,977)
Statutory tax rate	27%	27%
Tax recovery at statutory rate	(1,358,000)	(1,412,000)
Non-deductible expenses	395,000	88,000
Tax benefits unrecognized	963,000	1,324,000
Income tax recovery	-	-

(Expressed in Canadian dollars)

13. INCOME TAXES (continued)

The component of the Company's deferred income tax asset is a result of the origination and reversal of temporary differences and is comprised of the following:

	2020	**2019**
	$	**$**
Mineral exploration properties	6,464,000	6,345,000
Non-capital losses carried forward	7,135,000	6,489,000
Share issue costs	121,000	66,000
Other	47,000	43,000
Total deferred tax assets	13,767,000	12,943,000
Unrecognized deferred tax assets	(13,767,000)	(12,943,000)
Net deferred income tax assets	-	-

As of December 31, 2020, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools:

	2020	**2019**
	$	**$**
Undepreciated capital cost	138,000	122,000
Resource-related deductions	27,229,000	26,725,000
Undeducted share issue costs carried forward	449,000	244,000
	27,816,000	27,091,000

(Expressed in Canadian dollars)

13. INCOME TAXES (continued)

At December 31, 2020, the Company has non-capital losses of approximately $26,424,000 that may be carried forward to apply against future income taxes in Canada expiring as follows:

	Total **$**
2026	477,000
2027	1,574,000
2028	1,866,000
2029	2,202,000
2030	2,049,000
2031	3,099,000
2032	2,777,000
2033	1,221,000
2034	1,296,000
2035	381,000
2036	929,000
2037	1,508,000
2038	2,186,000
2039	2,466,000
2040	2,393,000
	26,424,000

14. SUBSEQUENT EVENTS

a) On January 26, 2021, the Company granted a total of 300,000 stock options to a consultant. The stock options are exercisable at $0.30 per share until January 25, 2026 and vested fully on the date of grant.

b) On February 3, 2021, and as closed on March 1, 2021, the Company entered into an agreement with Teck Resources Ltd. to acquire certain claims comprising the Big Creek copper-gold property located in the Whitehorse Mining District of Yukon, Canada for consideration of 1,250,000 common shares of the Company. The Big Creek copper-gold property is subject to a 1.5% NSR.