INTERNATIONAL PROSPECT VENTURES LTD.

Consolidated Financial Statements
For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

To the Shareholders of International Prospect Ventures Ltd.:

Opinion

We have audited the consolidated financial statements of International Prospect Ventures Ltd. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of net loss and comprehensive loss, changes in 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 Company 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 audits 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 Company in accordance with the ethical requirements that are relevant to our audits 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 2 in the consolidated financial statements, which indicates that the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises 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 audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis 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. 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 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.

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

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 Anand Beejan.

MNP SENCRL, srl [1]

Montréal, Québec

April 22, 2021

[1] CPA auditor, CA, public accountancy permit no. A126822

INTERNATIONAL PROSPECT VENTURES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		**As at December 31, 2020**		As at December 31, 2019
ASSETS					
Current assets					
Cash and cash equivalents	8	$	**468,143**	$	336,830
Sales taxes recoverable			**11,851**		18,266
Prepaid expenses and other	9		**5,938**		6,260
Advance to related party			**-**		1,465
			485,932		362,821
Non-current assets					
Exploration and evaluation assets	10		**625,708**		552,303
TOTAL ASSETS		$	**1,111,640**	$	915,124
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**19,371**	**$**	1,444
Due to related parties	15		**77,224**		101,703
Total liabilities			**96,595**		103,147
EQUITY					
Share capital	11		**3,929,898**		3,626,666
Contributed surplus			**353,764**		290,916
Warrants	11		**214,908**		-
Deficit			**(3,483,525)**		(3,105,605)
Total equity			**1,015,045**		811,977
TOTAL LIABILITIES AND EQUITY		$	**1,111,640**	$	915,124

Going Concern (Note 2)

On behalf of the Board of Directors,

"Glenn J. Mullan"	*"Dr. Robert I. Valliant"*
(signed Glenn J. Mullan)	(signed Robert I. Valliant)
Director	Director

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

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INTERNATIONAL PROSPECT VENTURES LTD.

Consolidated Statements of Net loss and Comprehensive loss

(Expressed in Canadian Dollars)

	Notes	For the year ended December 31, 2020	2019 (Note 20)
Operating expenses			
Exploration and evaluation expenses		**$ 95,135**	$ 367
Professional fees		**78,424**	111,841
Share-based payments	11	**62,848**	60,172
Consulting fees	15	**60,000**	-
Regulatory and transfer agent fees		**26,727**	18,103
Office expenses		**19,596**	15,943
Impairment of exploration and evaluation assets	10	**15,380**	30,000
Investor relations		**11,706**	17,396
Director fees		**5,000**	-
Travel and entertainment		**1,781**	41,673
Operating loss		**376,597**	295,495
Other expenses (income)			
Finance expense		**1,288**	1,148
Foreign exchange loss		**74**	1,063
Finance income		**(39)**	(175)
		1,323	2,036
Net loss and total comprehensive loss for the year		**$ 377,920**	$ 297,531
Basic and diluted net loss per common share	12	**$ 0.012**	$ 0.011
Weighted average number of common shares outstanding	12	**30,428,439**	26,967,238

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

INTERNATIONAL PROSPECT VENTURES LTD.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Notes	Share capital			Contributed Surplus		Warrants		Deficit		Total
		Number									
Balance on January 1, 2020		**27,103,128**	$	**3,626,666**	$	**290,916**	$	**-**	$	**(3,105,605)**	$ **811,977**
Issuance of units under a private placement	11	**6,161,109**		**347,471**		**-**		**207,029**		**-**	**554,500**
Share-based payment		**-**		**-**		**62,848**		**-**		**-**	**62,848**
Share issue expenses		**-**		**(44,239)**		**-**		**7,879**		**-**	**(36,360)**
Net loss and comprehensive loss for the year		**-**		**-**		**-**		**-**		**(377,920)**	**(377,920)**
Balance on December 31, 2020		**33,264,237**	$	**3,929,898**	$	**353,764**	$	**214,908**	$	**(3,483,525)**	$ **1,015,045**

	Notes	Share capital			Contributed Surplus		Warrants		Deficit		Total
		Number									
Balance on January 1, 2019		25,503,128	$	3,435,835	$	224,048	$	-	$	(2,811,959)	$ 847,924
Issuance of shares to acquire Valroc	11	1,600,000		200,000		-		-		-	200,000
Share-based payments		-		-		70,753		-		-	70,753
Share issue expenses		-		(9,169)		-		-		-	(9,169)
Expiry of stock options						(3,885)				3,885	-
Net loss and comprehensive loss for the year		-		-		-		-		(297,531)	(297,531)
Balance on December 31, 2019		27,103,128	$	3,626,666	$	290,916	$	-	$	(3,105,605)	$ 811,977

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

INTERNATIONAL PROSPECT VENTURES LTD.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Notes	For the year ended December 31, 2020	2019
OPERATING ACTIVITIES			
Net loss for the year		$ **(377,920)**	$ (297,531)
Adjustments:			
Share-based payment		**62,848**	60,172
Impairment of exploration and evaluation assets		**15,380**	30,000
		(299,692)	(207,359)
Change in non-cash working capital items			
Sales taxes recoverable		**6,415**	(15,951)
Prepaid expenses and other		**322**	7,519
Accounts payable and accrued liabilities		**17,927**	1,128
Due to related parties		**(24,479)**	29,256
		185	21,952
Cashflows used by operating activities		**(299,507)**	(185,407)
INVESTING ACTIVITIES			
Additions to exploration and evaluation assets	10	**(88,785)**	(98,603)
Advance to related party		**1,465**	12,809
Cashflows used by investing activities		**(87,320)**	(85,794)
FINANCING ACTIVITIES			
Issuance of units under a private placement	11	**554,500**	-
Share issue expenses		**(36,360)**	(9,169)
Cashflows from (used by) financing activities		**518,140**	(9,169)
Increase (decrease) in cash		$ **131,313**	$ (280,370)
Cash and cash equivalents, beginning of year		**336,830**	617,200
Cash and cash equivalents, end of year		**$ 468,143**	$ 336,830

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

1) STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

International Prospect Ventures Ltd (the "Company" or “International Prospect”), incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

The head office of the Company is located at 152 Chemin de la Mine École, Val-d'Or, Québec, J9P 7B6. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9. The Company's common shares are trading on the TSX Venture Exchange under the trading symbol "IZZ".

As at December 31, 2020, Golden Valley Mines Ltd. (“Golden Valley”), a significant shareholder, held a 13.44% (2019 – 16.50%) interest in the Company.

The Board of Directors approved the audited consolidated financial statements for issue on April 22, 2021.

2) GOING CONCERN

These consolidated financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (“IASB”) and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospecting operations, its projects and continued support of suppliers and creditors. The Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any revenues or cash flows from its operations and there is no assurance that the business will be profitable in the future.

These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. The carrying amounts of assets, liabilities and expenses presented in the consolidated financial statements and the classification used in the consolidated financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

3) BASIS OF PRESENTATION

These consolidated financial statements include the accounts of International Prospect and its wholly-owned subsidiary, Valroc Ventures Pty Ltd. ("Valroc"), a New South Wales company, located in Australia. Subsidiaries are consolidated where the Company has the ability to exercise control. Control of an investee exists when the Company is exposed to variable returns from the Company's involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. All intercompany balances, transactions, income and expenses and gains or losses have been eliminated on consolidation.

4) ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

In May 2020, the IASB issued a package of narrow-scope amendments to three standards (IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets") as well as the IASB's Annual Improvements to IFRS Standards 2018 - 2020. These amendments to existing IFRS standards are to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. These amendments are effective for annual periods beginning on or after January 1, 2022. The Company is assessing the potential impact of these narrow-scope amendments.

5) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below:

a) Accounting standards issued and in effect during the year

IAS 1 "Presentation of Financial Statements" ("IAS 1")

IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. On January 1, 2020, the Company adopted IAS 1 and has concluded that, based on its current operations, the adoption of IAS 1 had no significant impact on the Company's consolidated financial statements.

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8")

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. On January 1, 2020, the Company adopted IAS 8 and has concluded that, based on its current operations, the adoption of IAS 8 had no significant impact on the Company's consolidated financial statements.

b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly-owned subsidiary.

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Foreign currency transactions

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the financial position date, whereas nonmonetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Expenses are translated at the exchange rate in effect at the transaction date. Expenses settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of net loss and comprehensive loss.

d) Segment disclosure

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors. The Company has determined that it has only one operating segment, the sector of exploration and evaluation of mineral resources. The Company's exploration and evaluation assets are located in Canada and Australia.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and demand deposit, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of exploration and evaluation costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

g) Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in the consolidated statements of net loss and comprehensive loss when they are incurred.

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Exploration and evaluation expenditures and exploration and evaluation assets (continued)

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expense is recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in the statement of net loss. When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in the consolidated statements of net loss and comprehensive loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Title to property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Impairment of exploration and evaluation assets

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Exploration and evaluation expenditures and exploration and evaluation assets (continued)

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

a) the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
b) no further exploration or evaluation expenditures in the areas are planned or budgeted;
c) no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
d) sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in the consolidated statements of net loss and comprehensive loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or cash generating units in prior year.

Disposal of interest in connection with option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash or the shares consideration received directly from the acquirer is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in the consolidated statements of net loss and comprehensive loss.

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when: (a) there is constructive commitment that has resulted from past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) the amount of the obligation can be measured with sufficient reliability.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

At December 31, 2020 and 2019, there is no provision in the consolidated statements of financial position.

i) Income taxes

Tax expense recognized in the consolidated statements of net loss and comprehensive loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Income taxes (continued)

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred tax expense the consolidated statements of net loss and comprehensive loss, except where they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

j) Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Unit placements

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of warrants using the Black-Scholes valuation model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

Unit placements (continued)

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the consolidated statements of financial position. The proceeds received from flow-through placements are allocated between shares, warrants and other liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance, then to warrants according to their fair value at the date of issuance and the residual proceeds are allocated to other liability. The liability component recorded initially on the issuance of shares is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income.

A deferred tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled when eligible expenditures have been incurred and management establishes the intent to make renunciation filings with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

Other elements of equity

Contributed surplus includes charges related to stock options until such are exercised. Upon expiry, the fair value initially recorded under contributed surplus is transferred to deficit.

Warrants include fair values allocated to the warrants issued. When warrants are exercised, the related cost and fair value are transferred to share capital. Upon expiry, the fair value initially recorded under warrant reserve is transferred to deficit.

Deficit includes all current and prior period retained profits and losses. Deficit also includes charges related to warrants and stock options expired.

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payments

The Company operates an equity-settled share-based payments plan for its eligible directors, officers, employees and consultants. The Company's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in the consolidated statements of net loss and comprehensive loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to Warrants, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if stock options ultimately exercised are different to that estimated on vesting.

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to share capital.

k) Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the same period.

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

Diluted loss per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and options.

l) Financial Instruments

Classification

Financial Assets/Liabilities	Classification
Cash and cash equivalents	Financial asset at amortized costs
Advance to related party	Financial asset at amortized costs
Due to related parties	Financial liabilities at amortized costs
Accounts payable and accrued liabilities	Financial liabilities at amortized costs

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as fair value through profit or loss ("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 at fair value through other comprehensive income ("FVTOCI"). Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

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 less any impairment.

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the statements of net loss and comprehensive 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 statements of net loss and comprehensive loss in the period in which they arise. Where Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

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. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognizes an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

6) JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing consolidated financial statements, management undertakes a number of estimates, judgments and assumptions about recognition and measurement of assets, liabilities, income and expenses. These estimates and judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances. Please refer to note 2 for further information.

6) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Uncertainty due to COVID-19

The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. In the current environment, the assumptions and judgements made by the Company are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions extends, but is not limited to, the Company's valuation of its Exploration and Evaluation assets, including the assessment for impairment and impairment reversal. Actual results may differ materially from these estimates.

Recognition of deferred tax assets and measurement of income tax expense

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to use the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management’s assessment regarding the Corporation’s ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgement and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

6) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of exploration and evaluation assets (continued)

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statements of net loss and comprehensive loss in the period when the new information becomes available.

Operating segment

The ability to aggregate the Company’s operating segments based on similar economic characteristics requires judgment to be applied and is dependent on entity-specific facts and circumstances.

Estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value of stock options

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the volatility, the probable life of share options granted and the time of exercise of those share options. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the stock options. The expected life of the stock options is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

(Expressed in Canadian dollars unless otherwise noted)

6) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value of warrants

Estimating fair value for warrant requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the warrants. The fair value of warrants is evaluated using the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the expected volatility, and expected life of warrants. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the warrants. The expected life of the warrant is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

7) ACQUSITION OF VALROC VENTURES PTY LTD.

On January 31, 2019, the Company acquired all of the issued and outstanding shares of Valroc and as consideration for the acquisition, the Company issued 1,600,000 common shares of the Company to the owner of Valroc. The consolidated financial statements for fiscal 2019 include Valroc's results from January 31, 2019 to December 31, 2019.

The following table summarizes the fair value of the total consideration transferred to the owner of Valroc and the fair value of identified assets acquired and liabilities assumed:

Consideration transferred		
Issuance of 1,600,000 common shares	$	200,000
Net assets acquired		
Tenements	$	200,000

8) CASH AND CASH EQUIVALENTS

	As at December 31,			
		2020		2019
Cash	$	**417,968**	$	286,655
Demand deposit		**50,175**		50,175
	$	**468,143**	$	336,830

The deposit is due on demand, bears interest at 0.2% per annum and maturing on October 26, 2021.

(Expressed in Canadian dollars unless otherwise noted)

9) PREPAIDS EXPENSES AND OTHER

	As at December 31, 2020	2019
Prepaid expenses	$ **5,723**	$ 6,045
Other	**215**	215
	$ **5,938**	$ 6,260

10) EXPLORATION AND EVALUATION ASSETS

The following table presents the additions to exploration and evaluation assets by categories for the years ended December 31, 2020 and 2019:

	As at January 1, 2020	Additions	Acquisition	Impairment	Reclassification	As at December 31, 2020
Claim and claim maintenance	$ 130,302	63,718	$ -	(4,774)	-	$ **189,246**
Acquisition	200,000	-	-	-	-	**200,000**
Program management	124,713	661	-	-	-	**125,374**
Geophysics	51,926	-	-	-	-	**51,926**
Geology	40,926	14,406	-	(606)	-	**54,726**
Other	4,436	-	-	-	-	**4,436**
Royalty advances	-	10,000	-	(10,000)	-	**-**
	$ 552,303	88,785	-	(15,380)	-	$ **625,708**

	As at January 1, 2019	Additions	Acquisition	Impairment	Reclassification	As at December 31, 2019
Claim and claim maintenance	$ 23,262	34,244	-	-	72,796	$ 130,302
Acquisition	-	-	200,000	-	-	200,000
Program management	-	124,713	-	-	-	124,713
Geophysics	51,926	-	-	-	-	51,926
Geology	21,544	19,382	-	-	-	40,926
Other	1,377	245	-	-	2,814	4,436
Royalty advances	20,000	10,000	-	(30,000)	-	-
	$ 118,109	188,584	200,000	(30,000)	75,610	$ 552,303

(Expressed in Canadian dollars unless otherwise noted)

10) EXPLORATION AND EVALUATION ASSETS (continued)

The following table presents exploration and evaluation assets by properties

	As at December 31,			
		2020		2019
Pilbara Region	**$**	**532,000**	$	453,214
Porcupine Miracle		**93,708**		93,708
Other		**-**		5,381
Total	**$**	**625,708**	$	552,303

Pilbara Region – Western Australia

The Company's Australian subsidiary, Valroc, has staked eight tenements to date, in an area southeast of Karratha, Western Australia, covering a total area of approximately 1,026 square kilometres and proximal to and/or cover target lithologies for gold-bearing conglomerate/sedimentary rocks at the base of the Mt. Roe Basalt (2 tenements), gold-bearing Mosquito Creek and Hardey formations (4 tenements), and other prospective rocks of the Fortescue Group (2 tenements).

Porcupine Miracle Prospect - Langmuir Township, Ontario

The Company owns a 100% interest in the Porcupine Miracle Prospect which comprises nine (9) claim cells located in Langmuir Township in the province of Ontario, Canada. The property is subject to a royalty in favor of 2973090 Canada Inc, a company controlled by the President, equal to 3% of net smelter returns. In addition, advance royalty payments of $10,000 per annum is payable by the Company, which commenced on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty. In fiscal year 2020, an impairment charge of $10,000 (2019 - $30,000) was recognized in the property.

Beartooth Island Prospect - Athabaska Basin, Saskatchewan

The Company holds a 40% interest in the Beartooth Island Prospect located in the Athabasca Basin in the province of Saskatchewan. The property consists of one claim totaling 5,940 hectares. Ditem Explorations Inc.is the operator of the prospect. In fiscal year 2020, an impairment charge of $297 (2019 - $nil) was recognized in the property.

Otish/Mistassini Prospect - North Central Québec

The Company owns a 100% interest in the Otish/Mistassini Prospect which comprises of 46 claims covering an area of 2,447 hectares, within four (4) separate claim blocks located in the province of Québec. In fiscal year 2020, an impairment charge of $5,083 (2019 - $nil) was recognized in the property.

(Expressed in Canadian dollars unless otherwise noted)

11) EQUITY

a) Share Capital

Authorized

Unlimited number of voting common shares without par value.

Issue share capital

The change in issued share capital for the year was as follows:

	2020			2019		
	Number of shares		Stated Value	Number of shares		Stated Value
Balance on January 1,	**27,103,128**	**$**	**3,626,666**	25,503,128	$	3,435,835
Issuance of units under a private placement	**6,161,109**		**347,471**	-		-
Issuance of shares to acquire Valroc	**-**		**-**	1,600,000		200,000
Share issue expenses	**-**		**(44,239)**	-		(9,169)
Balance on December 31,	**33,264,237**	**$**	**3,929,898**	27,103,128	$	3,626,666

2020 transactions on share capital

Non-brokered private placement

On June 17, 2020, the Company completed a non-brokered private placement pursuant to which it issued 6,161,109 Units at a per Unit price of $0.09 for gross proceeds of $554,500. Each Unit consisted of one common share in the capital of the Company and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share at a per share price of $0.13 until June 17, 2022, subject to accelerated expiry in certain circumstances.

The related fair value method, using the Black Scholes options pricing model, was retained to estimate the fair value of the 6,161,109 warrants with the following assumptions: an expected volatility of 110%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of $0.15. As a result, the warrants were valued at $207,029 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

11) EQUITY (continued)

Non-brokered private placement (continued)

In connection with the financing, finder's fees in the aggregate amount of $7,935 in cash and warrants to acquire an aggregate 88,161 common shares exercisable at a per share price of $0.13 until June 17, 2022, subject to accelerated expiry in certain circumstances, were paid to an arm's-length finder who introduced the Company to investors. The Black-Scholes options pricing model was retained to estimate the fair value of the 88,161 non-transferable finders warrants with the following assumptions: an expected volatility of 110.12%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of $0.15. As a result, the warrants were valued at $7,879 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred legal fees and other fees in relation with the private placement for a total of $28,425.

2019 transactions on share capital

As described in note 7, the Company acquired Valroc through the issuance of 1,600,000 of its common shares on January 31, 2019.

Share-based payments

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the TSX Venture Exchange (the "Exchange"); if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange. All share-based payments will be settled in equity. The Company has no legal constructive obligation to repurchase or settle the options in cash.

(Expressed in Canadian dollars unless otherwise noted)

11) EQUITY (continued)

Share-based payments (continued)

A summary of changes in the number of incentive stock option for the year ended December 31, 2020 and 2019 is presented as follows:

	For the year ended December 31, 2020			For the year ended December 31, 2019		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Outstanding, beginning of year	**2,660,312**	**$**	**0.12**	2,260,000	$	0.11
Granted	**665,000**		**0.11**	500,312		0.16
Forfeited	**-**		**-**	(100,000)		0.05
Outstanding, end of year	**3,325,312**	**$**	**0.12**	2,660,312	$	0.12
Exercisable, end of year	**3,325,312**	**$**	**0.12**	2,660,312	$	0.12

Incentive stock options granted in 2020

On June 26, 2020, the Company granted to directors, officers and consultants incentive stock options entitling the purchase 665,000 common shares at an exercise price of $0.115 per share. The options are exercisable for a period of 5 years until June 26, 2025. All options are exercisable immediately. The fair value of the 665,000 stock options has been estimated on the date of issue at $62,848, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: $0.115; expected dividend yield: nil; expected volatility:120.06%; risk-free interest rate: 0.31%; expected life: 5 years and exercise price at the date of grant: $0.115 per share.

Incentive stock options granted in 2019

On February 28, 2019, the Company granted to an officer incentive stock options entitling the purchase 50,000 common shares at an exercise price of $0.17 per share. The options are exercisable for a period of 5 years until February 28, 2024. All options are exercisable immediately. The fair value of the 50,000 stock options has been estimated on the date of issue at $7,484, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: $0.17; expected dividend yield: nil; expected volatility:137.19%; forfeiture rate: 3.0%; risk-free interest rate: 1.8%; expected life: 5 years and exercise price at the date of grant: $0.17 per share. For the year ended December 31, 2019, an amount of $7,484 has been expensed as share-based payments in the consolidated statements of net loss and comprehensive loss, respectively.

(Expressed in Canadian dollars unless otherwise noted)

11) EQUITY (continued)

Incentive stock options granted in 2019 (continued)

On June 17, 2019, the Company granted to directors, officers and consultants incentive stock options entitling the purchase 450,312 common shares at an exercise price of $0.16 per share. The options are exercisable for a period of 5 years until June 17, 2024. All options are exercisable immediately. The fair value of the 450,312 stock options has been estimated on the date of issue at $63,269, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: $0.16; expected dividend yield: nil; expected volatility:136.91%; forfeiture rate: 3.0%; risk-free interest rate: 1.34%; expected life: 5 years and exercise price at the date of grant: $0.16 per share. For the year ended December 31, 2019, an amount of $52,688 has been expensed as share-based payments in the consolidated statements of net loss and comprehensive loss and $10,581 has been capitalized to Exploration and Evaluation Assets, respectively.

The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the incentive stock options. The expected life of the incentive stock options is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

The table below summarizes the information related to outstanding share options as at December 31, 2020:

Expiry date	Number of stock options outstanding		Weighted Average Exercise price	Weighted Average remaining contractual life	Exercisable Options
February 28, 2024	50,000	$	0.170	3.16	50,000
June 17, 2024	450,312	$	0.160	3.46	450,312
June 26, 2025	665,000	$	0.115	4.49	665,000
July 10, 2027	1,565,000	$	0.050	6.53	1,565,000
December 12, 2027	595,000	$	0.265	6.95	595,000
	3,325,312				3,325,312

b) __Warrants__

Expiry Date		Exercise Price	Number of warrants outstanding	Exercisable Warrants
June 17, 2022	$	0.130	6,249,270	6,249,270

Refer to *Non-brokered private placement* discussion above.

(Expressed in Canadian dollars unless otherwise noted)

12) LOSS PER SHARE

Loss per share has been calculated using the weighted average number of common shares outstanding for the years ended December 31, 2020 and 2019 as follows:

	For the year ended December 31,			
		2020		2019
Net loss for the year	$	**377,920**	$	297,531
Weighted average number of common shares - Basic		**30,428,439**		26,967,238
Dilutive effect of stock options		**-**		-
Weighted average number of common shares - Diluted		**30,428,439**		26,967,238
Basic loss per share	$	**0.012**	$	0.011
Diluted loss per share		**0.012**		0.011

For the years ended December 31, 2020 and 2019, potential dilutive common shares from incentive stock options have not been included in the loss per share calculation as they would result in a reduction of the loss per share.

13) INCOME TAXES

Major components of tax expense (income)

The major components of tax expense (income) for the years ended December 31, 2020 and 2019 are outlined below:

		2020		2019
Current tax expense (recovery)	$	-	$	-
Deferred tax expense (recovery)				
Origination and reversal of temporary differences		**(84,225)**		(62,226)
Deferred tax expense arising from the write-down of a deferred tax asset		**84,225**		62,226
	$	-	$	-
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

(Expressed in Canadian dollars unless otherwise noted)

13) INCOME TAXES (continued)

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined income tax rate in Canada and the reported tax expense in the statement of comprehensive loss can be reconciled as follows:

		2020		2019
Loss before income taxes	$	(377,920)	$	(297,531)
Expected tax recovery calculated using the combined Federal and Provincial income tax rate in Canada of 26.50% (26.60% in 2019):		(100,150)		(79,143)
Tax benefits not recognized		84,225		62,226
Share-based payments		16,655		17,300
Other		202		2,747
Effect of tax rates in foreign jurisdiction		(932)		(3,130)
Deferred tax expense (recovery)	$	-	$	-

The statutory tax rate declined from 26.60% to 26.50% due to a reduction in the Québec general corporate tax rate on January 1, 2020.

Unrecognized deferred tax assets and liabilities

As at December 31, 2020 and 2019, the Company has the following deductible temporary differences for which no deferred tax has been recognized:

	2020				2019			
		Federal		Provincial		Federal		Provincial
Share issue expenses	$	37,473	$	37,473	$	24,173	$	24,173
Exploration and evaluation assets		866,515		866,515		851,135		851,135
Non-capital losses		1,484,902		1,480,469		983,701		979,696
	$	2,388,890	$	2,384,457	$	1,859,009	$	1,855,004

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At December 31, 2020, deferred tax assets totalling $632,546 (2019 - $546,636) have not been recognized.

(Expressed in Canadian dollars unless otherwise noted)

13) INCOME TAXES (continued)

As at December 31, 2020, the Company has not recognized taxable temporary difference of $199,021 associated with its investment in its subsidiary. The Company has $75,478 of net operating losses in Australia for 2020 (2019 - $48,981), which subject to certain conditions, may be carried forward indefinitely.

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the consolidated statements of financial position, that can be carried over the following years:

		Federal		Provincial
2030	**$**	**486**	$	486
2031		**96,634**		96,634
2032		**186,377**		186,157
2033		**62,075**		62,041
2034		**66,156**		66,156
2035		**61,396**		61,220
2036		**84,321**		84,321
2037		**296,722**		296,574
2038		**169,059**		168,382
2039		**165,981**		163,231
2040		**295,695**		295,267
	$	**1,484,902**	$	1,480,469

The Company has investment tax credits carryover of $279 (2019 - $279) that expire between 2031 and 2033, which are available to reduce income taxes payable in future years.

14) ADDITIONAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the Consolidated Statements of Cash Flows:

		2020		2019
Due to related parties included in exploration and evaluation assets	**$**	**-**	$	79,400
Issuance of shares on acquisition of Valroc		**-**		200,000

15) RELATED PARTY BALANCES AND TRANSACTIONS

a) Transactions with a shareholder

Effective July 1, 2020, the Company entered into a Cost Sharing Arrangement (the "Sharing Arrangement") with Golden Valley, pursuant to which Golden Valley will provide certain management and financial services such as office space and administrative support relating to the exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9, in consideration of $8,919 per year (the “reimbursement”), payable on a monthly basis. The Sharing Arrangement provides for the reimbursement to be reviewed on an annual basis. For the year ended December 31, 2020, the Company reimbursed Golden Valley the amount of $5,291 relating to this Sharing Arrangement.

For the year ended December 31, 2020, general and administrative expenses of $5,291 were recharged by Golden Valley to the Company (for the year ended December 31, 2019 - $3,925), which were recorded in the consolidated statements of net loss and comprehensive loss. No consulting fees were recharged by Golden Valley to the Company for the services provided by its CEO (for the year ended December 31, 2019 - $75,000, capitalized to Exploration and Evaluation Assets) and for the services provided by its CFO (for the year ended December 31, 2019 - $12,000, recorded under professional fees in the consolidated statements of net loss and comprehensive loss).

For efficiency reasons, where the Company and Golden Valley are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at December 31, 2020, the Company had indebtedness of $65,782 (December 31, 2019 - $68,520) to Golden Valley, which is included in due to related parties.

b) Transactions with key management

Key management personnel of the Company comprise of the members of the board of directors, as well as the President and Chief Executive Officer, Chief Operating Officer, Vice President Exploration, and the Chief Financial Officer. The compensation paid to key management is presented below:

- For the year ended December 31, 2020, consultant fees of $21,000 (2019 - $nil) were paid by the Company to 2973090 Canada Inc. a company controlled by a director of the Company, relating to the services of the Company’s Chairman of the Board. These fees are recorded under exploration and evaluation expense in the consolidated statements of net loss and comprehensive loss. In addition, as part of a Mining Option Agreement signed on the Porcupine Miracle Prospect, the Company paid an advance royalty payment of $10,000 (2019 - $10,000) to 2973090 Canada Inc. As at December 31, 2020, the Company had indebtedness of $4,024 (December 31, 2019 - $nil) to 2973090 Canada Inc, which is included in due to related parties.

15) RELATED PARTY BALANCES AND TRANSACTIONS (continued)

- For the year ended December 31, 2020, consultant fees of $60,000 (2019 - $nil) were incurred by the Company to Ironbark International Limited relating to the services of the Company's President and CEO. These fees are recorded under consulting fees in the consolidated statements of net loss and comprehensive loss.

- For the year ended December 31, 2020, consultant fees of $31,975 (for the year ended December 31, 2019 -$nil) were incurred by the Company for the services of the Company's VP Exploration. These fees are recorded under exploration and evaluation expenses in the statement of net loss. As at December 31, 2020, the Company had indebtedness of $5,250 (December 31, 2019 - $nil) to the Company's VP Exploration, which is included in due to related parties.

- For the year ended December 31, 2020, consultant fees of $30,000 (for the year ended December 31, 2019 -$nil) were incurred by the Company to a company controlled by the Chief Operating Officer of the Company for technical services. These fees are recorded under exploration and evaluation expenses in the consolidated statements of net loss and comprehensive loss.

- For the year ended December 31, 2020, director fees of $5,000 (for the year ended December 31, 2019 -$nil) were incurred by the Company. As at December 31, 2020, the Company had indebtedness of $2,168 (December 31, 2019 – receivable of $1,465) to the Company's director, which is included in due to related parties.

- For the year ended December 31, 2020, the Company granted stock options to Directors and Officers to purchase an aggregate 630,000 common shares of the Company, of which share-based payments of $59,540 was recorded by the Company. For the year ended December 31, 2019, the Company granted stock options to Directors and Officers to purchase an aggregate 475,312 common shares of the Company, of which share-based payments of $67,240 was recorded by the Company.

c) Transactions with related parties

For the year ended December 31, 2020, the Company was recharged exploration and evaluation expenses for $2,063, respectively (general and administrative expenses of $28,285 for the year ended December 31, 2019) from Val-d'Or Mining Corporation ("Val-d'Or Mining"), an entity that has common key management personnel with the Company. No consulting fees were recharged by Val-d'Or Mining to the Company for the services provided by its COO (for the year ended December 31, 2019 - $48,000, capitalized to Exploration and Evaluation Assets).

For efficiency reasons, where the Company and Val-d'Or Mining are dealing with the same suppliers one may pay for both and be reimbursed by the other, which was formalized on July 1, 2020, with the Company entering into a Cost Sharing Arrangement with Golden Valley, as described above. As December 31, 2020, the Company had no indebtedness (December 31, 2019 –$33,183) to Val-d'Or Mining.

(Expressed in Canadian dollars unless otherwise noted)

16) FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the consolidated statements of financial position are as follows:

Financial assets		2020 Carrying amount		2020 Fair value		2019 Carrying amount		2019 Fair value
Cash and cash equivalents	$	**468,143**		**468,143**	$	336,830		336,830
Advance to related party		**-**		**-**		1,465		1,465
	$	**468,143**	**$**	**468,143**	$	338,295	$	338,295

The carrying value of cash and cash equivalents, advance to related party, due to related parties and accounts payable and accrued liabilities is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

Financial liabilities		2020 Carrying amount		2020 Fair value		2019 Carrying amount		2019 Fair value
Accounts payable and accrued liabilities	$	**19,371**	**$**	**19,371**	$	1,444	$	1,444
Due to related parties		**77,224**		**77,224**		101,703		101,703
	$	**96,595**	**$**	**96,595**	$	103,147	$	103,147

Financial assets and liabilities measured at amortized cost for which a fair value is provided in the consolidated statements of financial position are presented in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

16) FINANCIAL ASSETS AND LIABILITIES (continued)

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There have been no significant transfers between Level 1, 2 and 3 in the reporting periods. The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

17) CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives in managing capital is to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, adding value to these projects and ultimately taking them through to production either with partners or by the Company's own means or sale.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in note 11 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

18) FINANCIAL RISKS

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of cash of $468,143 as at December 31, 2020 and $336,830 as at December 31, 2019. The risk related to cash is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent.

18) FINANCIAL RISKS (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Accounts payable and accrued liabilities are due within less than 90 days. The Company's cash significantly exceed the current cash outflow requirements.

19) COMMITMENTS

Exploration Expenditure Commitment

In order to maintain the Company’s interest in mining tenements in Australia, the Company is committed to meet the annual minimum expenditure of approximately $373,000 (or AUD$379,000) under which the tenements were granted. With Western Australia state border and Australian national border closures due to COVID-19, the Company has been granted exemption from expenditures relating to its exploration licences in fiscal 2020.

20) COMPARATIVE FIGURES

Comparative amounts in the consolidated statements of net loss and comprehensive loss were restated for consistency. In 2019, amounts relating to “Audit and accounting fees and “Legal and other fees” were reclassified as “Professional fees”; Similarly, amounts relating to “Investor relations fees” and “Shareholders’ Information” were reclassified to “Investor Relations”.