CYPRESS DEVELOPMENT CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Cypress Development Corp.

Opinion

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

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

Basis for Opinion

We conducted our 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 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 13, 2021

CYPRESS DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT DECEMBER 31

	2020	2019
ASSETS		
Current		
Cash and cash equivalents	$ 2,101,554	$ 1,518,637
Marketable securities (Note 4)	18,000	9,000
Receivables and prepaid expenses (Note 5)	40,356	91,923
Due from related party (Note 10)	18,374	-
	2,178,284	1,619,560
Reclamation bonds (Note 7)	41,774	41,774
Exploration and evaluation assets (Note 7)	4,644,707	3,623,868
	$ 6,864,765	$ 5,285,202
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 127,196	$ 84,113
Due to related party (Note 10)	-	3,304
	127,196	87,417
Equity		
Capital stock (Note 8)	37,194,666	34,706,711
Subscriptions received in advance (Note 16)	16,500	-
Reserves (Note 9)	4,588,544	4,690,274
Deficit	(35,062,141)	(34,199,200)
	6,737,569	5,197,785
	$ 6,864,765	$ 5,285,202

Nature and continuance of operations (Note 1)
Subsequent events (Note 16)

Approved and authorized by the Board on April 13, 2021

"Don Huston"	Director	*"Jim Pettit"*	Director
Don Huston		Jim Pettit	

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

CYPRESS DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
YEARS ENDED DECEMBER 31

	2020	2019
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting and audit	$ 56,916	$ 80,885
Administrative	39,545	42,019
Consulting fees (Note 10)	348,898	516,688
Depreciation (Note 6)	-	1,655
Legal	288,534	61,559
Office and miscellaneous	51,715	61,618
Rent	25,924	41,734
Share-based compensation (Note 9, 10)	84,577	240,871
Shareholder communications	170,732	363,752
Telephone	4,064	5,560
Transfer agent and filing fees	31,420	23,303
Travel	6,247	41,609
	(1,108,572)	(1,481,253)
Interest income	3,221	6,828
Other income - legal settlement (Note 1)	281,740	-
Unrealized gain (loss) on marketable securities (Note 4)	9,000	(31,000)
Loss on shares issued for debt and services (Note 8, 10)	(67,828)	(10,965)
Recovery on exploration and evaluation asset (Note 7)	19,498	16,963
Write-off of exploration and evaluation asset and reclamation bonds (Note 7)	-	(102,371)
Loss and comprehensive loss for the year	$ (862,941)	$ (1,601,798)
Basic and diluted loss per common share	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	92,864,652	78,402,156

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

CYPRESS DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
YEARS ENDED DECEMBER 31

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (862,941)	$ (1,601,798)
Items not affecting cash:		
Depreciation	-	1,655
Share-based compensation	84,577	240,871
Write-off of exploration and evaluation asset and reclamation bonds	-	102,371
Recovery on exploration and evaluation asset	(19,498)	(16,963)
Unrealized (gain) loss on marketable securities	(9,000)	31,000
Loss on shares issued for debt and services	67,828	10,965
Shares issued for services	-	35,269
Changes in non-cash working capital items:		
Decrease in receivables and prepaid expenses	51,567	105,006
(Increase) decrease in due from related party	(18,374)	6,515
Increase (decrease) in accounts payable and accrued liabilities	70,029	(77,423)
Increase (decrease) in due to related party	(3,304)	3,304
Net cash flows used in operating activities	(639,116)	(1,159,228)
CASH FLOWS FROM INVESTING ACTIVITIES		
Option payments received	19,498	132,153
Expenditures on exploration and evaluation assets	(967,626)	(1,566,227)
Net cash flows used in investing activities	(948,128)	(1,434,074)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	2,153,661	2,517,541
Subscriptions received in advance	16,500	-
Share issuance costs	-	(31,303)
Net cash flows provided by financing activities	2,170,161	2,486,238
Change in cash and cash equivalents during the year	582,917	(107,064)
Cash and cash equivalents, beginning of year	1,518,637	1,625,701
Cash and cash equivalents, end of year	$ 2,101,554	$ 1,518,637

Supplemental disclosures with respect to cash flows (Note 12)

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

CYPRESS DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Capital Stock					
	Number	**Amount**	**Reserves**	**Subscriptions received in advance**	**Deficit**	**Total**
Balance, as at December 31, 2018	72,073,228	$32,000,041	$4,515,816	$ -	$ (32,597,402)	$ 3,918,455
Private placement	6,114,888	1,100,679	-	-	-	1,100,679
Options exercised	665,000	112,669	(51,469)	-	-	61,200
Warrants exercised	10,513,570	1,379,422	(23,760)	-	-	1,355,662
Share issuance costs	-	(31,303)	-	-	-	(31,303)
Share issuance costs - finders' warrants	-	(8,816)	8,816	-	-	-
Shares for services	160,315	35,269	-	-	-	35,269
Exploration and evaluation assets	550,000	118,750	-	-	-	118,750
Share-based compensation	-	-	240,871	-	-	240,871
Loss for the year	-	-	-	-	(1,601,798)	(1,601,798)
Balance, as at December 31, 2019	90,077,001	34,706,711	4,690,274	-	(34,199,200)	5,197,785
Options exercised	1,495,000	408,856	(178,756)	-	-	230,100
Warrants exercised	6,892,162	1,931,112	(7,551)	-	-	1,923,561
Shares for services	308,307	147,987	-	-	-	147,987
Subscriptions received in advance	-	-	-	16,500	-	16,500
Share-based compensation	-	-	84,577	-	-	84,577
Loss for the year	-	-	-	-	(862,941)	(862,941)
Balance, as at December 31, 2020	98,772,470	$37,194,666	$4,588,544	$ 16,500	$ (35,062,141)	$ 6,737,569

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Cypress Development Corp. is a publicly listed exploration company incorporated pursuant to the *Business Corporations Act* (Saskatchewan) on August 23, 1991. The Company together with its subsidiary (collectively referred to as the "Company") is principally engaged in the acquisition, exploration and evaluation of resource properties.

The head office and records office of the Company are located at Suite #1610 - 777 Dunsmuir Street, Vancouver, British Columbia, Canada. The registered office is located at Suite #1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada.

The Company's financial statements ("consolidated financial statements") are presented in Canadian dollars.

The Company has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Although the Company has incurred losses from inception, the Company has a working capital of $2,051,088 at December 31, 2020. Subsequent to December 31, 2020 (Note 16), the Company issued a total of 15,640,000 units at a price of $1.25 per unit for gross proceeds of $19,550,000. Management has assessed that this working capital and subsequent financing is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these consolidated financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations 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. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

On April 30, 2020, the Company reached a final settlement agreement in its legal proceedings against Centrestone Resources LLC, a Nevada limited liability company. The Fifth Judicial Court of the State of Nevada in and for the County of Esmeralda on February 6, 2020, entered its written order for summary judgment in favor of the Company. Before the hearing, the Company agreed to dismiss its claims for damages against Centrestone in return for a USD $200,000 cash payment, the delivery to the Company of certain exploration data and core, and Centrestone's acknowledgement of the Company's title to all of the Company's mining claims. The settlement was recorded as other income in the statements of loss and comprehensive loss.

2. BASIS OF PREPARATION

Statement of Compliance with International Financial Reporting Standards

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Critical Accounting Estimates & Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

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

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The Company continues to be dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain. While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. In management's judgment, the Company's current working capital and subsequent financing are sufficient to support continued operations for a period greater than one year.

iii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

iv) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

v) Share-based payment. The fair value of share-based payment is determined using a Black-Scholes option pricing model. Such option pricing models require the input of subjective assumptions.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits, and short-term liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Cypress Holdings (Nevada) Ltd., a company incorporated in the United States. All significant inter-company transactions and balances have been eliminated upon consolidation.

Foreign currency translation

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the statement of financial position date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in the consolidated statements of loss and comprehensive loss for the year.

Exploration and evaluation assets

Costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property until the determination of technical feasibility and commercial viability. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets after assessing the property for impairment by comparing the carrying amount to its recoverable amount and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, an impairment is recorded on the property.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. Amortization of leasehold improvements is recognized using the straight-line method over the term of the lease. Equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to items of property and equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Property and equipment (cont'd…)

Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as mining assets only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized mining assets generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves and are accumulated on mineral property or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Capital stock

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provision for environmental rehabilitation (cont'd…)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in reserves is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion of share-based compensation previously recorded in reserves. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The Company records a deferred tax liability and a reduction in capital stock for the estimated tax benefits transferred to shareholders. When the Company renounces flow-through expenditures, a portion of the Company's deferred tax assets that were not recognized in previous years, will be recognized as a recovery of deferred taxes in the statement of loss and comprehensive loss.

Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes (cont'd…)

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

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

Financial instruments

Financial assets

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

The Company's accounting policy for each of the categories is as follows:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

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

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

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

Financial instruments	Classification
Cash and cash equivalents	FVTPL
Receivables	Amortized cost
Marketable securities (excluding warrants)	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Due to/from related party	Amortized cost

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian Dollars)

4. MARKETABLE SECURITIES

The Company holds securities that have been designated as fair value through profit or loss:

	2020	2019
Opening balance	$ 9,000	$ 34,000
Additions	-	6,000
Unrealized gain (loss)	9,000	(31,000)
Total	$ 18,000	$ 9,000

Marketable securities at December 31, 2020 consist of 600,000 (2019 - 600,000) Pasinex Resources Limited shares. (Note 7 – *Gunman Project, Nevada, USA*).

An unrealized gain on marketable securities of $9,000 (2019 - $31,000 unrealized loss) was recorded in the consolidated statements of loss and comprehensive loss in fiscal 2020.

5. RECEIVABLES AND PREPAID EXPENSES

The Company's receivables and prepaid expenses arise from two main sources, goods and services tax ("GST") and prepaid expenses. These are broken down as follows:

	2020	2019
GST receivable	$ 9,693	$ 29,997
Prepayments - insurance	2,559	2,869
Prepayments - other	28,104	12,500
Prepayments - shareholder communications	-	46,557
Total	$ 40,356	$ 91,923

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Leasehold Improvements
Cost	
Balance, December 31, 2018, 2019 and 2020	$ 19,850
Accumulated depreciation	
Balance, December 31, 2018	$ 18,195
Depreciation	1,655
Balance, December 31, 2019 and 2020	$ 19,850
Carrying amounts	
As at December 31, 2019	$ -
As at December 31, 2020	$ -

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

2020	Nevada, USA Total
Acquisition costs:	
Balance, beginning of year	$ 438,092
Option payments received	(19,498)
Recovery of costs	19,498
Balance, end of year	438,092
Exploration costs:	
Incurred during the year	
Accommodation/food	30,495
Advances	8,384
Assaying/sampling	78,625
Consulting	563,060
Dues/fees/permits	104,425
Environmental survey	67,303
Equipment rentals/storage	21,619
Fuel/mileage	28,108
Office/miscellaneous	12,770
Office rent	11,718
Supplies/maintenance (added #797 here)	11,993
Test work and analysis	45,553
Transportation	1,422
Travel/airfare	30,786
Wages/contract work	4,578
	1,020,839
Balance, beginning of year	3,185,776
Balance, end of year	4,206,615
Total costs	$ 4,644,707

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

2019	Nevada, USA Total
Acquisition costs:	
Balance, beginning of year	$ 371,612
Additions	285,177
Option payments received	(138,153)
Recovery of costs	16,963
Write-off	(97,507)
Balance, end of year	438,092
Exploration costs:	
Incurred during the year	
Accommodation/food	44,457
Advances	56,308
Assaying/sampling	99,114
Consulting (Note 10)	795,832
Demobilization/mobilization	7,004
Drilling	126,953
Dues/fees/permits	127,003
Equipment rentals/storage	20,765
Fuel/mileage	26,610
Lab work/resource estimates/reports	28,005
Office/miscellaneous	5,695
Supplies/maintenance	14,855
Transportation	2,339
Travel/airfare	33,121
Wages/contract work	7,990
	1,396,051
Balance, beginning of year	1,794,589
Write-off	(4,864)
Balance, end of year	3,185,776
Total costs	$ 3,623,868

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Title to mineral properties

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

USA Claims

Alkali Springs Valley, Nevada, USA

On November 6, 2018, the Company entered into an option agreement to acquire the exclusive right and option to acquire a fifty percent (50%) undivided legal and beneficial interest in the property and the water rights application free and clear of all liens, charges and claims of others. To earn a 50% undivided interest, the Company is required to make a US$50,000 payment (paid $66,007) within seven business days of approval, it being understood and agreed by the parties that these funds will be expended by the optionor to pay all outstanding fees pertaining to the claims which comprise the property and all other expenses relating to the property and the water rights application, issue 300,000 common shares of the Company (150,000 common shares issued at a fair value of $31,500 and 150,000 due for issue on November 6, 2019) and incur US$450,000 in expenditures over the two year term of the option agreement ($200,000 to be incurred by November 6, 2019 and $250,000 by November 6, 2020). A total of $102,371 had been capitalized to the property during 2019.

During the year ended December 31, 2019, the Company terminated the option agreement with the optionor, Dajin Resources Corp. and wrote-off the carrying value of $102,371.

Gunman Project, White Pine Claims, Nevada, USA

The Company has a 100% interest in certain claims located in White Pine County, Nevada, known as the Gunman Project. The project is subject to a 2% net smelter royalty ("NSR").

On December 5, 2017, the Company entered into an option agreement with Pasinex Resources Limited ("Pasinex"), whereby a previous optionee, Silicom Systems Inc., transferred their option to Pasinex to earn up to an 80% interest in the project.

In order to acquire an initial 51% interest in the project, Pasinex was required to issue 600,000 common shares (received) and make cash payments of US$100,000 (received) to the Company and incur exploration expenditures totaling US$1,850,000 over the three year term of the agreement. The Company also granted Pasinex a second option to acquire an additional 29% interest by issuing 200,000 common shares, making a cash payment of US$250,000 and incurring US$1,100,000 in exploration expenditures within one year of satisfying and exercising the first option.

On September 11, 2019 and again on November 27, 2020, the Company and Pasinex amended the agreement, whereby the deadline to acquire the 51% interest was extended to December 31, 2022 and the deadline for acquiring the additional 29% interest was extended to December 31, 2024. As a condition for extending the terms of the agreement, Pasinex shall pay the Company US$15,000 (received) and incur expenditures of US$200,000 by December 31, 2021.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

USA Claims (cont'd…)

Gunman Project, White Pine Claims, Nevada, USA (cont'd…)

During the year ended December 31, 2019, the Company received 200,000 shares valued at $6,000 (Note 4).

Pasinex is now required to make the following cash payments and share issuances to the Company:

Due Date	Cash Payments	Share Issuances	Expenditure Commitments
To acquire 51%:			
By December 31, 2021	-	-	US$200,000
By December 31, 2022	-	-	US$1,400,000
To acquire an additional 29%:			
By December 31, 2024	US$250,000	200,000	US$1,100,000
Receipt of a feasibility report within 90 days of exercise of the 1st option			
Total	US$250,000	200,000	US$2,700,000

Glory Lithium Project, Clayton Valley, Nevada, USA

During fiscal 2016, the Company entered into an option agreement to acquire a 100% interest in the Glory Lithium Project in Clayton Valley, in the state of Nevada, USA. To earn a 100% interest, the Company is required to make US$162,500 in cash payments ($212,357 (US$162,500) paid) and issue 1,100,000 shares of the Company (1,100,000 common shares issued at a fair value of $175,000) over the four year term of the option agreement. The optionor will retain a 3% NSR with the Company having the right to purchase 2% of the NSR for US$1,000,000. After entering into the option agreement, the optionor became a director of the Company (resigned during fiscal 2019).

As at December 31, 2020, the Company incurred $3,567,217 net in exploration expenditures and acquisition costs.

Dean, Clayton Valley, Nevada, USA

In September 2016, the Company entered into an option agreement to acquire a 100% interest in 35 lithium placer claims located in southern Clayton Valley, Nevada, USA. To earn a 100% interest, the Company is required to make US$140,000 in cash payments ($181,946 (US$140,000) paid) and issue 1,050,000 shares of the Company (1,050,000 common shares issued at a fair value of $222,500) over the three year term of the option agreement. The optionor will retain a 3% NSR with the Company having the right to purchase 2% of the NSR for US$1,000,000. As at December 31, 2020, the Company incurred $1,077,490 in acquisition costs and exploration expenditures on the property. After entering into the option agreement, the optionor became a director of the Company (resigned during fiscal 2019).

Reclamation Bonds, Nevada, USA

As at December 31, 2020, the Company held reclamation bonds with respect to the Nevada, USA properties of $41,774 (2019 - $41,774).

8. CAPITAL STOCK

Authorized

An unlimited number of common shares without par value.

Private placements

During the year ended December 31, 2020, the Company did not participate in any private placements.

During fiscal 2019, the Company entered into the following private placement:

On August 7, 2019, the Company issued 6,114,888 units at a price of $0.18 per unit for gross proceeds of $1,100,680. Each unit consists of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of up to two years at a price of $0.22.

In connection with the financing, the Company paid finder's fees totaling $23,625 and additional issuance costs of $7,678 and issued an aggregate of 113,750 finders' warrants. Each finders' warrant is exercisable into one common share for a period of up to two years at a price of $0.22.

The 113,750 finders' warrants were valued at $8,816 using the Black-Scholes option pricing model using a weighted average estimated life of 2 years, volatility of 94.18%, dividend rate of 0% and risk free interest rate of 1.24%.

The weighted average fair value of each finders' warrant was $0.0775.

Shares issued for debt and services

The Company issued 308,307 common shares valued at $147,987 in settlement of $80,159 in legal fees resulting in a loss on shares issued for debt of $67,828 recognized in the statements of loss and comprehensive loss.

9. RESERVES

The Company has a stock option plan in place under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board.

(Expressed in Canadian Dollars)

9. RESERVES (cont'd…)

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2018	21,441,090	$ 0.210	7,119,000	$ 0.160
Additions	6,228,638	0.220	1,550,000	0.180
Exercised	(10,513,570)	0.130	(665,000)	0.090
Expired	(502,970)	0.130	-	-
Outstanding and Exercisable, December 31, 2019	16,653,188	0.270	8,004,000	0.170
Additions	-	-	350,000	0.345
Exercised	(6,892,162)	0.279	(1,495,000)	0.154
Expired	(14,058)	0.070	(80,000)	0.220
Outstanding and Exercisable, December 31, 2020	9,746,968	$ 0.267	6,779,000	$ 0.178

The following incentive stock options and share purchase warrants were outstanding at December 31, 2020:

	Number of Shares	Exercise Price	Expiry Date
Stock options:	810,000	$ 0.080	April 11, 2021
	794,000	$ 0.105	December 30, 2021
	230,000	$ 0.100	July 18, 2022
	1,195,000	$ 0.180	October 27, 2022
	2,145,000	$ 0.220	November 2, 2023
	50,000	$ 0.220	November 28, 2023
	1,205,000	$ 0.180	August 13, 2024
	350,000	$ 0.345	August 4, 2025
Warrants:	569,500	$ 0.055	March 21, 2021
	40,000	$ 0.055	March 30, 2021
	4,080,388	$ 0.220	August 7, 2021
	5,057,080	$ 0.330	October 26, 2021

Subsequent to December 31, 2020, a total of 4,889,700 warrants and 1,740,000 stock options were exercised (Note 16).

(Expressed in Canadian Dollars)

9. RESERVES (cont'd…)

Share-based compensation

During the year ended December 31, 2020, the Company granted 350,000 (2019 – 1,550,000) options to consultants, officers and directors. Accordingly, using the Black-Scholes option pricing model, the stock options are recorded at fair value in the statement of loss and comprehensive loss. Total share-based compensation recognized in the statement of loss and comprehensive loss for options granted and vested was $84,577 (2019 - $240,871) and the weighted average fair value of each option granted was $0.24 (2019 - $0.16). This amount was also recorded to reserves on the statement of financial position.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during fiscal 2020 and 2019:

	2020	2019
Risk-free interest rate	0.34%	1.24%
Expected life	5 years	5 years
Annualized volatility	85.56%	141.40%
Estimated forfeiture rate	0%	0%
Dividend rate	0%	0%

10. RELATED PARTY TRANSACTIONS

The aggregate amount of expenditures paid or payable to key management personnel consisting of directors, former directors or companies with common directors was as follows:

	2020	2019
Charged to profit and loss for consulting fees	$ 239,227	$ 225,526
Capitalized to exploration and evaluation assets	149,523	120,663
Share-based compensation	-	109,558
Total expense	$ 388,750	$ 455,747

Administrative agreement

The Company operates from the premises of a private company owned by a director provides office and administrative services to the Company and various other public companies on a short-term contract basis. The private company incurs costs which are reimbursed by the Company.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (cont'd…)

Consulting agreement

Effective July 2, 2019, the Company made an amendment to a related party's consulting agreement dated January 1, 2018. The consultant shall receive US$7,000 per month consisting of US$4,000 cash and the remaining US$3,000 shall be payable in common shares of the Company or cash, at the option of the consultant. During the year ended December 31, 2020, the Company issued nil common shares (2019 - 160,315) at a fair value of $Nil (2019 - $35,269) resulting in a loss of $Nil (2019 - $10,965).

Included in due from related party at December 31, 2020 is $18,374 (2019 - $Nil) due from the private company.

Included in accounts payable at December 31, 2020 is $43,334 (2019 - $26,598) due to directors and/or their companies.

Included in due to related party at December 31, 2020 is $Nil (2019 - $3,304) due to the private company.

11. INCOME TAXES

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

	2020	2019
Loss before income taxes	$ (862,941)	$ (1,601,798)
Expected income tax recovery	$ (233,000)	$ (432,000)
Non-deductible items	16,000	67,000
Change in statutory, foreign tax, and other	5,000	10,000
Share issue costs	-	(8,000)
Change in unrecognized deductible temporary differences	212,000	363,000
Total deferred tax recovery	$ -	$ -

Significant components of deductible and taxable differences and unused tax losses that have not been included in the statement of financial position are as follows:

	2020	2019	Expiry Dates
Exploration and evaluation assets	$ 5,721,000	$ 6,281,000	No expiry date
Property and equipment	27,000	27,000	No expiry date
Share issue costs	55,000	90,000	2038 – 2042
Marketable securities	47,000	56,000	No expiry date
Non-capital losses	12,018,000	10,635,000	2020– 2040
Total	$ 17,868,000	$ 17,089,000	

(Expressed in Canadian Dollars)

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2020	2019
Cash received during the year for interest	$ 2,912	$ 4,608
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

	2020	2019
Cash and cash equivalents consist of:		
Cash	$ 401,554	$ 718,637
Guaranteed Investment Certificates ("GIC")	1,700,000	800,000
	$ 2,101,554	$ 1,518,637

Significant non-cash transactions during fiscal 2020 were as follows:

a) Incurred exploration and evaluation asset expenditures of $92,318 through accounts payable and accrued liabilities.

b) Issued 308,307 common shares valued at $147,987 in settlement of $80,159 in debt.

Significant non-cash transactions during fiscal 2019 were as follows:

a) Issued 550,000 common shares valued at $118,750 for exploration and evaluation assets.

b) Incurred exploration and evaluation asset expenditures of $39,105 through accounts payable and accrued liabilities.

c) Received 200,000 shares of Pasinex Resources Limited at a fair value of $6,000 pursuant to an option-out of exploration and evaluation assets.

d) Granted 113,750 finders' warrants at a fair value of $8,816 pursuant to a private placement.

13. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. All of the Company's non-current assets are located in the USA.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted market prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based in valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash and marketable securities are carried at fair value using a Level 1 fair value measurement. The carrying value of receivables, due to/from related parties and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counter-party’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because these instruments are due primarily from government agencies.

Liquidity risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at December 31, 2020, the Company had a cash balance of $2,101,554 (2019 - $1,518,637) to settle current liabilities of $127,196 (2019 - $87,417). All of the Company’s financial liabilities are subject to normal trade terms. The Company has a working capital of $2,051,088 at December 31, 2020 and raised $19,550,000 in gross proceeds subsequent to the year end (Note 16).

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 and equity prices. These fluctuations may be significant.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors (cont'd…)

(a) Interest rate risk

The Company has cash balances held with financial institutions. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. In addition to cash and interest-bearing deposits with banks of $401,245 (2019 - $716,417) as of December 31, 2020, the Company has $1,700,000 (2019 - $800,000) in interest-bearing investment-grade guaranteed investment certificates with accrued interest of $309 (2019 - $2,220). A 1% change in interest rates would have an effect of $17,000 (2019 - $8,000) on interest income.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in United States Dollars. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. In addition to cash in US bank accounts of $4,093 (2019 - $181,253) as of December 31, 2020, the Company has $93,879 (2019 - $48,713) in liabilities to US payees. A 1% change in foreign exchange rates would have an effect of $898 (2019 - $1,325) on foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

15. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration 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 Company defines capital that it manages as shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. 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.

16. SUBSEQUENT EVENTS

Bought Deal Offering

The Company entered into an agreement with PI Financial Corp. as the sole underwriter and bookrunner pursuant to which the underwriter has agreed to purchase, on a bought deal basis pursuant to a short form prospectus, 15,640,000 units of the Company at a price of $1.25 per unit for gross proceeds of $19,550,000. Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant will be exercisable for one common share of the Company for a period of 36 months, expiring on March 22, 2024 at an exercise price of $1.75.

The Company issued 938,400 broker warrants exercisable for one common share of the Company, at an exercise price of $1.25, expiring on March 22, 2024.

Exercise of stock options and warrants

The Company issued 4,889,700 common shares pursuant to the exercise of warrants and received proceeds of $1,297,324, of which $16,500 was received prior to December 31, 2020.

The Company issued 1,740,000 common shares pursuant to the exercise of options and received proceeds of $240,675.