NORTH PEAK RESOURCES LTD.

(FORMERLY INTERBIT LTD.)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of North Peak Resources Ltd. (formerly "Interbit Ltd.") ("the Company") were prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the annual consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
North Peak Resources Ltd. (formerly Interbit Ltd.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of North Peak Resources Ltd. (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, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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.

Basis for Opinion

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

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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.

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 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 relating 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 scepticism 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 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 Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 30, 2021

NORTH PEAK RESOURCES LTD.
(Formerly Interbit Ltd.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at December 31,		2020		2019
ASSETS				
Current assets				
Cash	$	**6,746,310**	$	6,299,125
Investment		**100,000**		100,000
Prepaid and sundry receivable		**164,249**		162,699
	$	**7,010,559**	$	6,561,824
Exploration and evaluation assets (note 5)		**54,500**		-
Total assets	$	**7,065,059**	$	6,561,824
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (note 10)	$	**127,828**	$	481,832
Shareholders' equity				
Share capital (note 6)		**24,347,714**		22,706,682
Shares to be issued		**404,613**		-
Contributed surplus (notes 7 and 8)		**10,798,331**		10,390,576
Deficit		**(28,613,427)**		(27,017,266)
Total shareholders' equity		**6,937,231**		6,079,992
Total liabilities and shareholders' equity	$	**7,065,059**	$	6,561,824

Subsequent Events (note 13)

Approved on behalf of the Board of Directors:

/s/ "Brian Hinchcliffe" — */s/ "John Thomson"*

Brian Hinchcliffe
Director

John Thomson
Director

NORTH PEAK RESOURCES LTD.

(Formerly Interbit Ltd.)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

		2020		2019
Expenses				
Salaries and benefits	**$**	**(22,079)**	$	1,524,189
Contractor fees		**41,274**		1,563,873
Travel		**94,326**		271,041
Office and general (note 10)		**681,528**		872,950
Professional fees		**324,917**		359,437
Marketing		**15,177**		37,918
Exploration Expenses (note 5)		**109,168**		-
Stock-based compensation (note 7)		**407,755**		904,719
Interest income		**(55,905)**		(175,549)
		1,596,161		5,358,578
Net loss and comprehensive loss for the year	**$**	**(1,596,161)**	$	(5,358,578)
Basic and diluted net loss per share (note 9[1])	**$**	**(0.10)**	$	(0.45)
Weighted average number of common shares outstanding, basic and diluted (note 9)		**16,584,508**		11,954,445

[1]Adjusted for 2:1 share consolidation effective June 24, 2020 (note 6)

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

NORTH PEAK RESOURCES LTD.

(Formerly Interbit Ltd.)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital Number	Share Capital Amount	Shares to be Issued	Contributed Surplus	Deficit	Total
Balance, December 31, 2018	11,934,458	$ 22,603,124	$ -	$ 9,547,615	$ (21,658,688)	$ 10,492,051
Exercise of options	25,000	103,558	-	(61,758)	-	41,800
Stock-based compensation	-	-	-	904,719	-	904,719
Net loss for the year	-	-	-	-	(5,358,578)	(5,358,578)
Balance, December 31, 2019	**11,959,458**	**22,706,682**	**-**	**10,390,576**	**(27,017,266)**	**6,079,992**
Issued on private placement	5,749,998	1,724,999	404,613	-	-	2,129,612
Costs of issue	-	(103,467)	-	-	-	(103,467)
Stock-based compensation	-	-	-	407,755	-	407,755
Issued on property acquisition (note 5)	25,000	19,500	-	-	-	19,500
Net income for the year	-	-	-	-	(1,596,161)	(1,596,161)
Balance, December 31, 2020	**17,734,456**	**$ 24,347,714**	**$ 404,613**	**$ 10,798,331**	**$ (28,613,427)**	**$ 6,937,231**

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

NORTH PEAK RESOURCES LTD.
(Formerly Interbit Ltd.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the year ended December 31,	**2020**	2019
Operating activities		
Net income (loss) for the year	**$ (1,596,161)**	$ (5,358,578)
Stock-based compensation	**407,755**	904,719
Non-cash working capital items:		
Prepaid and sundry receivable	**(1,550)**	279,312
Accounts payable and accrued liabilities	**(354,004)**	(393,877)
	(1,543,960)	(4,568,424)
Investing activities		
Property acqusition costs	**(35,000)**	-
Financing activities		
Private placement, net of fees	**1,621,532**	-
Proceeds on exercise of options	**-**	41,800
Proceeds received for subsequent private placement	**404,613**	-
	2,026,145	41,800
Net change in cash	**447,185**	(4,526,624)
Cash, beginning of the year	**6,299,125**	10,825,749
Cash, end of the year	**$ 6,746,310**	$ 6,299,125

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

1. Nature of Operations

North Peak Resources Ltd. ("the Company") was incorporated on March 28, 2011 and organized under the laws of Alberta, Canada.

The Company is a Canadian based gold exploration and development company that is listed on the TSX Venture Exchange (the "Exchange") under the symbol "NPR". The Company holds an option to acquire 100% interest in and to the Mike Leahy Property located 15 kilometres southwest of Kirkland Lake, Ontario and consisting of and to twenty-seven (27) mineral claims totaling approximately 500.3 hectares.

The Company's original business, starting in November 2015, was as an enterprise technology provider dedicated to building blockchain technologies. The Company was named BTL Group Ltd. and then Interbit Ltd., during that period of time.

The registered office of the Company is located at 1600, 421 - 7 Avenue SW, Calgary, Alberta T2P 4K9.

Change of Business, Name Change and Share Consolidation

Pursuant to approval received during a meeting of shareholders on June 24, 2020, the Company consolidated its issued and outstanding common shares on the basis of 2 pre-consolidation shares for every 1 post consolidation share. Current and comparative disclosure has been amended to reflect this consolidation.

On June 26, 2020, the Company completed a "Change of Business" transaction ("COB Transaction") pursuant to the policies of the TSX Venture Exchange (the "Exchange"), with the result that the Company has become a Tier 2 mining issuer under the policies of the Exchange and is now engaged in the exploration and development of prospective mineral properties.

In connection with the COB Transaction, the Company also completed a name change to "North Peak Resources Ltd.". Trading in the common shares of the Company began on the Exchange under the Company's new name "North Peak Resources Ltd." and new stock symbol "NPR", on Tuesday, June 30, 2020.

2. Significant Accounting Policies

Basis of Preparation

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of the Canadian Institute of Chartered Accountants, as issued and effective for the year ended December 31, 2020.

These consolidated financial statements were approved by the Board of Directors on April 30, 2021.

Basis of Measurement

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

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

2. Significant Accounting Policies (Continued)

Foreign Currency Translation

The functional and presentation currency of the Company is the Canadian dollar. The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses on translation are included in profit and loss.

Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries Blockchain Tech Ltd., BTL Dev Ltd., and Xapcash Technologies Inc. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. During the year ended December 31, 2020, the Company's subsidiaries were wound down.

Exploration, Evaluation and Resource Property Acquisition Costs

The Company is in the exploration stage with respect to its investment in resource property costs and accordingly follows the practice of capitalizing significant acquisition costs on active exploration properties and expensing exploration and evaluation expenditures. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of an impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognizes, in income, costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount of the mineral properties.

All capitalized acquisition expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Financial Instruments

Financial Assets

Recognition and Initial Measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and Subsequent Measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

2. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Assets (Continued)

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of investment and accounts receivable.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Business Model Assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual Cash Flow Assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

2. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of Financial Assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

<u>Financial Liabilities</u>

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and Subsequent Measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of Financial Liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

2. Significant Accounting Policies (Continued)

Cash

Cash in the consolidated statements of financial position comprise cash at banks. The Company's cash is invested with major financial institutions in business accounts and higher yield investment and savings accounts that are available on demand by the Company for its programs.

Investment

Investment consist of a short term, highly liquid investment that is readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. At December 31, 2020, the Company held General Investment Certificates of $100,000 (2019 - $100,000).

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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.

Deferred tax is provided using the asset and 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 and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. 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 financial position reporting 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. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares outstanding, 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 is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding to include potential common shares for the assumed conversion of all dilutive securities under the treasury stock method.

2. Significant Accounting Policies (Continued)

Share Based Payments

The Company grants share options to acquire common shares of the Company to directors, officers, consultants and employees.

The fair value of the instruments granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the instruments are granted. The fair value of the awards is adjusted by the estimate of the number of awards that are expected to vest as a result of nonmarket conditions and is expensed over the vesting period using the graded vesting method of amortization. At each balance sheet date, the Company reviews its estimates of the number of options that are expected to vest based on the nonmarket vesting conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Provision for Expected Credit Losses (“ECL”)

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognize ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12 - month expected credit losses or 2) lifetime expected credit losses. The Company measures provisions for ECLs at an amount equal to lifetime ECLs. The Company applies the simplified approach to determine ECLs on accounts receivable by using a provision matrix based on historical credit loss experiences. The historical results were used to calculate the run rates of default which were then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

Critical Accounting Estimates

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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future that management has made 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:

Exploration, Evaluation and Resource Property Acquisition Costs

Management reviews the carrying values of exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may not be recoverable. The recoverable amount of cash-generating units for an exploration stage company requires various subjective assumptions. These assumptions may change significantly over time when new information becomes available and may cause original estimates to change. During the years ended December 31, 2020 and 2019, there were no impairment costs recognized in the Company's statement of loss and comprehensive loss.

Stock Based Compensation

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock based compensation in the statements of loss and comprehensive loss based on estimates of forfeiture, risk free interest rates, volatility of the Company's stock, and expected lives of the underlying stock options.

2. Significant Accounting Policies (Continued)

Critical Accounting Judgments

Income Taxes and Recovery of Deferred Tax Assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. As at December 31, 2019, no deferred tax assets were recognized, and management is uncertain when sufficient taxable income will be available to realize the deferred tax assets.

3. Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, shares to be issued, and deficit, which at December 31, 2020 totaled $6,937,231 (2019 - $6,079,992). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2020 or 2019.

4. Financial Risk Factors

Financial Risk

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consists of cash at banks. The cash has been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote.

4. Financial Risk Factors (Continued)

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at December 31, 2020, the Company had a cash balance of $6,746,310 (2019 - $6,299,125) to settle current liabilities of $127,828 (2019 - $481,832). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not generate revenue, managing liquidity risk is dependent upon the ability to secure additional financing, controlling expenses, and preserving cash.

Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risks

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.

(i) Interest Rate Risk

The Company has cash balances and regularly monitors its cash management policy. As a result, the Company is not subject to significant interest rate risk.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over the next twelve months:

(i) Cash is subject to floating interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would not have a material impact on the reported net loss for the year ended December 31, 2020 or 2019.

5. Exploration and Evaluation Assets

On March 20, 2020, the Company entered into an option agreement whereby the Company was granted the option to acquire a 100% interest in and to twenty-seven mineral claims comprising a project known as the Mike Leahy Property (collectively, the “Property”) totaling approximately 500 hectares located in the Larder Lake Mining Division in the Province of Ontario.

In order to exercise the option and keep it in good standing, the Company will be required to make total cash payments of $35,000, issue a total of 25,000 common shares of the Company and incur exploration expenditures of no less than $250,000 as follows:

(a) paying the optionor $35,000 upon issuance of a Technical Report (paid);

(b) issuing to the optionor 25,000 common shares (issued July 2, 2020, and ascribed a fair value of $19,500) effective upon issuance of the Technical Report, recognizing that those Common Shares is subject to the approval of the Exchange;

(c) incurring $100,000 of exploration expenditures on the property on or before the second anniversary of the closing of the COB Transaction, and issuing to the Optionor 25,000 Common Shares once such $100,000 of exploration expenditures have been incurred; and

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (Continued)

(d) incurring $150,000 of exploration expenditures on the Property on or before the fourth anniversary of the closing date. The Company intends to use its working capital to make the cash payments required under the terms of the Agreement.

During the year ended December 31, 2020, the Company incurred exploration expenses of $109,168, consisting of $13,982 in consulting fees related to the Leahy property and $95,186 in expenses related to the investigation of prospective properties (2019 - $nil)

6. Share Capital

a) Authorized share capital - at December 31, 2020, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued - the holders of common shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and are entitled to one vote in respect of each common share held at such meetings. In the event of liquidation, dissolution or winding-up of the Company, the holders of common shares are entitled to share rateably the remaining assets of the Company.

The change in issued share capital for the periods presented are as follows:

	Number of common shares	**Amount**
Balance, December 31, 2018	11,934,458	$ 22,603,124
Exercise of options - cash	25,000	41,800
Exercise of options - valuation	-	61,758
Balance, December 31, 2019	**11,959,458**	**$ 22,706,682**
Private placement	5,749,998	1,724,999
Costs of issue	-	(103,467)
Issued on property acquisition (Note 5)	25,000	19,500
Balance, December 31, 2020	**17,734,456**	**$ 24,347,714**

On March 16, 2020, the Company closed a non-brokered private placement of 5,749,998 common shares at an issue price of $0.30 per share, for aggregate gross proceeds of $1,724,999. Cash costs of issue amounted to $103,467 in aggregate.

On June 24, 2020, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation Common Share for every two (2) pre-consolidation Common Shares then issued and outstanding.

(Expressed in Canadian Dollars)

7. Stock Options

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

The following table reflects the continuity of stock options for the years ended December 31, 2020 and 2019:

	Number of Stock Options	Weighted Average Exercise Price (CDN)
Balance, December 31, 2018	1,088,446	$5.10
Granted	105,304	$2.90
Exercised	(25,000)	$1.68
Forfeited	(355,000)	$7.36
Balance, December 31, 2019	**813,750**	**$3.90**
Granted	1,350,000	$0.55
Expired/Cancelled	(642,500)	$2.92
Balance, December 31, 2020	**1,521,250**	**$1.35**

i) On July 2, 2020, the Company granted 1,350,000 stock options at an exercise price of $0.55 per share, vesting one-half immediately and the remaining one-half on June 30, 2021 and expire five years from the date of grant. Of the 1,350,000 options issued, 1,050,000 were granted to directors and officers of the Company and 300,000 were granted to consultants of the Company. The resulting fair value of $641,400 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 133%; a risk-free interest rate of 0.36% an expected life of 5 years, and a forfeiture rate of nil.

ii) On January 10, 2019, the Company granted 75,000 compensation options to a director of the Company, exercisable for a period of 5 years at $3.04. The options were assigned a fair value of $212,025 using the Black-Scholes valuation model with the following assumptions: 5 year expected life, volatility of 160.03%, risk-free interest rate of 1.91%, and a dividend yield and forfeiture rate of 0%. The options vest at a rate of 50% after one year, and 50% on the second anniversary of the grant.

iii) On February 27, 2019, the Company granted 30,304 compensation options to employees and consultants of the Company, exercisable for a period of 5 years at $2.58. The options were assigned a fair value of $73,014 using the Black-Scholes valuation model with the following assumptions: 5 year expected life, volatility of 162.50%, risk-free interest rate of 1.80%, and a dividend yield and forfeiture rate of 0%. The options vest at a rate of 50% after one year, and 50% on the second anniversary of the grant.

(Expressed in Canadian Dollars)

7. Stock Options (Continued)

The following table reflects the stock options outstanding as at December 31, 2020:

Expiry Date	Exercise Price(CDN)	Weighted Average Life Remaining	Options Outstanding	Black-Scholes Value
March 11, 2021	$ 1.02	0.19 years	18,750	$ 21,082
January 29, 2023	15.50	2.08 years	40,000	301,160
May 11, 2023	11.66	2.36 years	37,500	405,375
January 10, 2024	3.04	3.03 years	75,000	212,025
July 2, 2025	0.55	4.50 years	1,350,000	668,790
	$ 1.35	4.26 years	1,521,250	$ 1,608,432

Of the 1,521,250 options outstanding at December 31, 2020, 808,750 were exercisable.

During the year ended December 31, 2020, 642,500 options expired, resulting in a credit to stock based compensation of $197,014, representing the value of the unvested portion of the cancelled options.

8. Warrants

The following table reflects the continuity of warrants for the years ended December 31, 2020 and 2019:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, December 31, 2018	128,500	$ 6.50
Expired	(128,500)	$ (6.50)
Balance, December 31, 2019 and 2020	**-**	**$ -**

9. Net Loss Per Share

The calculation of basic and diluted income (loss) per share for the years ended December 31, 2020 and 2019 was adjusted to affect the share consolidation on June 24, 2020 and based on the loss attributable to common shareholders of $1,596,161 and $5,358,578, respectively, and the weighted average number of common shares outstanding of 16,584,508 and 11,954,445, respectively. Basic and diluted income (loss) per share are the same.

(Expressed in Canadian Dollars)

10. Related Party Balances and Transactions

		2020		2019
Remuneration paid for CEO	**$**	**161,591**	$	485,312
Remuneration paid for CFO	**$**	**18,000**	$	18,000
Stock-based compensation expense - directors and officers	**$**	**516,016**	$	904,718

As at December 31, 2020, amounts due to related parties totaled $76,541 (December 31, 2019 - $10,900) pertaining to amounts payable for key management remuneration, and reimbursement of expenses paid on behalf of the Company included in accounts payable.

During the year December 31, 2020, three directors were paid fees as follows:, Mr. Brian Hinchcliffe: $161,591 (2019 - $159,042); Mr. John Thomson: $nil (2019 - $101,792). Ms. Chelsea Hayes: $147,320, (2019 - $nil), Mr. Gordon Chmilar: $8,000 (2019 - $nil). As at December, 2020, $76,541 (2019 - $nil) was included in accounts payable and accrued liabilities in relation to these fees.

During the year ended December 31, 2020, the Company expensed $50,867 (2019 - $54,506) to Marrelli Support Services Inc. (“Marrelli Support”) and DSA Corporate Services Inc. (the “DSA”), together known as the “Marrelli Group” for:

(i) Robert D.B. Suttie, President of Marrelli Support, to act as Chief Financial Officer (“CFO”) of the Company;
(ii) Bookkeeping and office support services;
(iii) Regulatory filing services;

The Marrelli Group is also reimbursed for out of pocket expenses.

As of December 31, 2020, the Marrelli Group was owed $9,921 (2019 - $10,646). These amounts are included in accounts payable and accrued liabilities.

For the year ended December 31, 2020, legal fees of $304,349 were paid to a law firm for which a director is a partner. The legal fees incurred pertained to general corporate matters, patent administration and the recent change of business initiative. As at December 31, 2020, $43,600 (2019 - $53,310) was included in accounts payable and accrued liabilities in relation to these fees.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(Expressed in Canadian Dollars)

11. Income Taxes

The significant components of the Company's deferred income taxes are as follows as at December 31:

	2020	2019
Deferred income tax asset		
Non-capital losses	$ 84,389	$ 5,039,453
Mineral interests	28,797	-
Financing costs	4,356,825	130,892
Deferred tax assets not recognized	(4,470,011)	(5,170,345)
	$ -	$ -

The reported recovery of income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates to the reported loss before income taxes due to the following:

	2020	2019
Loss before recovery of income taxes	$ (1,596,161)	$ (5,358,578)
Expected income tax recovery	$ (422,983)	$ (1,420,023)
Non-deductible share based payment expense	108,055	239,751
Differences in Canadian and foreign tax rates	-	92,982
Change in unrecognized deferred tax assets	(700,336)	1,077,397
Impact of dissolution of subsidiaries	1,041,684	-
Share issue costs booked directly to equity	(27,419)	-
Permanent differences and other	999	9,893
Income tax expense reflected in the consolidated statements of loss and comprehensive loss	$ -	$ -

As at December 31, 2020, the Company has estimated non-capital losses of $16,440,848 available to reduce future income taxable income for income tax purposes, expiring at various dates between 2035 and 2040.

The potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statementsas it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

12. Contingencies and Commitments

During the year ended December 31 2020, an outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat its spread. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Due to the worldwide COVID-l9 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- The severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and supply lines;
- Availability of essential supplies;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of the approval of these consolidated financial statements, the Canadian government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

13. Subsequent Events

On January 8, 2021, the Company announced the closing of a non-brokered private placement for aggregate gross proceeds of $1,104,000. In connection with the private placement, 2,299,999 common shares of the Company were issued at a price of $0.48 per share.

In connection with the Private Placement, the Company has agreed to pay Canaccord Genuity Corp. a cash finder’s fee equal to 6% of the gross proceeds raised in respect of the aggregate sales to subscribers under the Private Placement that were introduced by Canaccord Genuity Corp.