FIREWEED ZINC LTD.

(An Exploration Stage Company)

(Audited - Expressed in Canadian Dollars)

Financial Statements

December 31, 2020 and 2019

Index

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Fireweed Zinc Ltd.

Opinion

We have audited the accompanying financial statements of Fireweed Zinc Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2020, 2019 and January 1, 2019, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years ended December 31, 2020 and 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, 2019 and January 1, 2019, and its financial performance and its cash flows for the years ended December 31, 2020 and 2019 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 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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the company's ability to continue operations is not assured and is dependent upon the ability of the Company to obtain necessary financing to meet its liabilities and commitments as they come due. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 Erez Bahar.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 20, 2021

FIREWEED ZINC LTD.

Statements of Financial Position as at
(Expressed in Canadian Dollars)

	Note(s)	December 31, 2020	December 31, 2019 Restated (Note 4)	January 1, 2019 Restated (Note 4)
Assets				
Current assets:				
Cash		$ 2,264,206	$ 783,789	$ 1,575,784
Receivables		233,491	30,147	50,254
Prepaid expenses		110,140	151,170	161,631
		2,607,837	965,106	1,787,669
Equipment	6	113,937	22,042	27,893
Reclamation bond		39,596	39,596	39,596
Exploration and evaluation assets	4,5	11,458,395	8,942,213	8,483,325
		$ 14,219,765	$ 9,968,957	$ 10,338,483
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	7,13	$ 229,863	$ 288,800	$ 327,380
		229,863	288,800	327,380
Long-term loan payable	8	40,000	-	-
Rehabilitation provisions	10	236,572	261,023	256,433
		506,435	549,823	583,813
Shareholders' equity:				
Capital stock	11	36,486,333	26,879,253	22,242,738
Options reserve	11	1,797,596	1,532,985	1,152,711
Warrants reserve	11	197,013	133,910	222,832
Deficit		(24,767,612)	(19,127,014)	(13,863,611)
		13,713,330	9,419,134	9,754,670
		$ 14,219,765	$ 9,968,957	$ 10,338,483

Nature and continuance of operations (Note 1)
Commitment (Note 17)
Subsequent events (Note 18)

On behalf of the Board:

"Brandon Macdonald" Director   *"George Gorzynski"* Director

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

FIREWEED ZINC LTD.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note(s)	Year ended December 31, 2020	Year ended December 31, 2019 Restated (Note 4)
Expenses			
Consulting and management	13	$ 435,783	$ 469,807
Depreciation	6	16,045	5,851
Director and committee fees	13	126,351	147,000
Exploration and evaluation	4,5	4,878,571	4,315,006
Investor relations and corporate development	13	275,990	341,520
Insurance		14,583	12,688
Office and payroll		46,409	48,396
Professional fees		90,026	63,083
Rent		51,735	61,117
Share-based compensation	11,13,17	377,111	380,274
Transfer agent & filing fees		89,201	34,713
Travel		12,832	51,236
		(6,414,637)	(5,930,691)
Accretion on rehabilitation provision	10	(4,672)	(4,590)
Amortization of flow-through liability	9	769,132	600,756
Foreign exchange		(8,919)	100
Interest income		18,498	71,022
Loss and comprehensive loss for the year		**$ (5,640,598)**	**$ (5,263,403)**
Loss per share – basic and diluted		$ (0.12)	$ (0.15)
Weighted average number of common shares outstanding – basic and diluted		45,798,110	35,897,832

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

FIREWEED ZINC LTD.
Statements of Cash Flows
(Expressed in Canadian Dollars)

		Year Ended December 31, 2020		2019 Restated (Note 4)
OPERATING ACTIVITIES				
Loss for the year	$	(5,640,598)	$	(5,263,403)
Adjustment for items not affecting cash:				
Amortization of flow-through liability		(769,132)		(600,756)
Accretion on rehabilitation provision		4,672		4,590
Depreciation		16,045		5,851
Share-based compensation		377,111		380,274
Change in non-cash working capital items:				
Receivables		(203,344)		20,107
Prepaid expenses		41,030		10,461
Accounts payable and accrued liabilities		(58,937)		(38,580)
		(6,233,153)		**(5,481,456)**
INVESTING ACTIVITIES				
Exploration and evaluation assets		(559,805)		(289,725)
Equipment		(107,940)		-
		(667,745)		**(289,725)**
FINANCING ACTIVITIES				
Capital stock		8,446,347		5,013,992
Share issue costs		(244,569)		(223,806)
Proceeds from warrants exercised		139,537		189,000
Proceeds from loan		40,000		-
		8,381,315		**4,979,186**
Increase (decrease) in cash		1,480,417		(791,995)
Cash, beginning of the year	**$**	**783,789**	**$**	**1,575,784**
Cash, end of the year	**$**	**2,264,206**	**$**	**783,789**

Supplemental disclosures with respect to cash flows:

Non-cash investing and financing activities:				
Change in rehabilitation provision	$	29,123	$	-
Fair value of finders' warrants	$	65,310	$	10,094
Fair value of shares issued for services	$	30,000	$	-
Fair value of shares issued for property	$	1,985,500	$	169,163
Fair value of exercised finders' warrants	$	2,207	$	99,016
Flow-through premium liability	$	804,791	$	649,609
Share-issue costs allocated to flow-through premium	$	35,659	$	48,853

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

FIREWEED ZINC LTD.

Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Capital Stock					
	Shares	Amount	Warrants reserve	Options reserve	Deficit	Total
Balance at December 31, 2018 (Restated – Note 4)	**31,696,776**	**$ 22,242,738**	**$ 222,832**	**$ 1,152,711**	**$ (13,863,611)**	**$ 9,754,670**
Shares issued for resource property	266,875	169,163	-	-	-	169,163
Shares issued in private placement	2,379,750	1,903,800	-	-	-	1,903,800
Flow-through shares issued in private placement	3,075,728	2,509,436	-	-	-	2,509,436
Share issue costs	-	(233,900)	10,094	-	-	(223,806)
Share-based compensation	-	-	-	380,274	-	380,274
Warrants exercised	378,000	288,016	(99,016)	-	-	189,000
Loss for the year	-	-	-	-	(5,263,403)	(5,263,403)
Balance at December 31, 2019	**37,797,129**	**$ 26,879,253**	**$ 133,910**	**$ 1,532,985**	**$ (19,127,014)**	**$ 9,419,134**
Balance at December 31, 2019 (Restated – Note 4)	**37,797,129**	**$ 26,879,253**	**$ 133,910**	**$ 1,532,985**	**$ (19,127,014)**	**$ 9,419,134**
Shares issued for resource property	2,225,000	1,985,500	-	-	-	1,985,500
Shares issued in private placement	10,239,636	4,908,972	-	-	-	4,908,972
Flow-through shares issued in private placement	5,212,423	2,762,584	-	-	-	2,762,584
Share issue costs – cash	-	(208,910)	-	-	-	(208,910)
Share issue costs – non cash	56,604	(95,310)	65,310	-	-	(30,000)
Share-based compensation	300,000	112,500	-	264,611	-	377,111
Warrants exercised	226,320	141,744	(2,207)	-	-	139,537
Loss for the year	-	-	-	-	(5,640,598)	(5,640,598)
Balance at December 31, 2020	**56,057,112**	**$ 36,486,333**	**$ 197,013**	**$ 1,797,596**	**$ (24,767,612)**	**$ 13,713,330**

1. Nature and Continuance of Operations

Fireweed Zinc Ltd. (the “Company”) was incorporated under the Business Corporations Act of the Yukon in Canada on October 20, 2015. The Company is a mineral exploration and development company and is engaged in the acquisition and exploration of mineral assets. Currently the Company has one project, the Macmillan Pass Project, which includes the Tom and Jason claims and zinc-lead-silver deposits, the Nidd claims and large blocks of adjacent claims (Mac, MC, MP, Jerry, BR and NS) in Yukon, Canada (collectively, the “Project”). The Company is listed on the TSX Venture Exchange and trades under the symbol FWZ.

The Company’s head office and principal address is Suite 1020 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The registered and records office is 3081 3rd Avenue, Whitehorse, Yukon, Canada Y1A 4Z7.

The Company’s ability to continue operations is not assured and is dependent upon the ability to obtain necessary financing to meet its liabilities and commitments as they become due, and the ability to generate future profitable production or operations or obtain sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. These 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. As at December 31, 2020, management estimates that the Company does not have sufficient working capital to maintain its operations and activities for the next twelve months and will need to raise additional capital in order to further fund its operations. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. To date there have been no adverse effects on the Company’s business or ability to raise funds.

The financial statements for the year ended December 31, 2020 have been prepared by management, reviewed by the Audit Committee and authorized for issue by the Board of Directors on April 20, 2021.

2. Basis of Presentation and Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) in effect at December 31, 2020.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. Significant Accounting Policies

a) Financial instruments

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets 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 fair value through other comprehensive income (“FVTOCI”).

3. Significant Accounting Policies (cont'd…)

a) Financial instruments (cont'd…)

Fair value through profit or loss ("FVTPL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise.

Fair value through other comprehensive income ("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 income or loss. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

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.

The following table shows the classification of the Company's financial assets under IFRS 9:

Financial instrument	IFRS 9 Classification
Cash	Fair value through profit or loss
Receivables	Financial asset measured at amortized cost
Reclamation bond	Financial asset measured at amortized cost
Loan payable	Financial liability measured at amortized cost
Accounts payable and accrued liabilities	Financial liability measured at amortized cost

Financial liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified at FVTPL are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at FVTPL are expensed as incurred.

b) Exploration and evaluation assets

Before legal rights to explore a property have been acquired, costs are expensed as incurred. Costs related to the acquisition of exploration and evaluation assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value. Costs related to the exploration and evaluation of mineral properties are recognized in profit or loss as incurred.

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 interest. If payments received exceed the capitalized cost of the mineral interest, the excess is recognized as income in the year received and allocated against exploration expenses. The amounts shown for exploration and evaluation assets 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 exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

During the year ended December 31, 2020 the Company changed its accounting policy related to exploration and evaluation assets (Note 4).

3. Significant Accounting Policies (cont'd…)

c) Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset 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 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 the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

d) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

The major categories of equipment are depreciated as follows: Computer Hardware – 45% declining balance, Exploration Equipment – 20% declining balance, Trucks – 30% declining balance.

e) Share-based payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants 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 goods or services received.

f) Impairment of non-financial assets

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 profit or loss

3. Significant Accounting Policies (cont'd…)

f) Impairment of non-financial assets (cont'd…)

for the period. For an asset that does not generate largely independent cash flows, 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.

g) Loss per share

Basic loss per common share is calculated by dividing net loss available to common shareholders by the weighted-average number of shares outstanding during the year. The effect of dilutive stock options warrants and similar instruments on loss per share is recognized on the use of the proceeds that could be obtained upon these and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Diluted loss per share value excludes all dilutive potential common shares if their effect is anti-dilutive.

h) Critical accounting estimates, judgments, and assumptions

The preparation of these 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 reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below with further details of the assumptions contained in the relevant note.

Critical accounting judgment

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

<u>Carrying value and recoverability of exploration and evaluation assets</u>

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves.

3. Significant Accounting Policies (cont'd…)

h) Critical accounting judgments, estimates and assumptions (cont'd…)

Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Deferred tax assets and liabilities

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based compensation expense for the years ended December 31, 2020 and 2019 are disclosed in Note 11.

Environmental rehabilitation obligation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at the net present value of estimated future cash flows and the resulting costs are expensed to the statement of loss and comprehensive loss.

In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

i) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable with regards to previous years.

3. Significant Accounting Policies (cont'd…)

i) Income taxes (cont'd…)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they revert, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

j) Capital stock

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issuance of common shares and stock options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) capital stock. When the resource property expenditures are incurred, the Company derecognizes the liability and recognized as other income.

k) New and revised accounting standards and interpretations adopted during the year.

On January 1, 2020, the Company adopted IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 –Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). Those standards refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and must be applied prospectively. The adoption of the above did not have a material impact on the Company's financial results.

(Expressed in Canadian Dollars)

4. Changes in Accounting Policies

The Company's previous accounting policy was to capitalize exploration and evaluation expenditures. The new policy is to expense such expenditures as incurred.

The Company believes that the information provided by this policy change will be more useful to readers because it provides better comparability of our financial position, changes in financial position, and results of operations with those of our current and future peer groups. Consequently, the revised treatment results in more relevant and no less reliable information than was previously presented. We have applied this change in accounting policy retrospectively, in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Due to the change in accounting policy, the Company has restated the comparative financial information on the statements of financial position as at December 31, 2019 and January 1, 2019 and the comparative financial information on the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the year ended December 31, 2019. The Company will continue to reflect an asset for the initial acquisition costs related to the mineral property.

Effects on Statements of Financial Position

	As at December 31, 2019			**As at January 1, 2019**		
Assets:	**Previously stated**	**Adjustments**	**As Restated**	**Previously stated**	**Adjustments**	**As restated**
Exploration and evaluation assets	$24,437,449	($15,495,236)	$8,942,213	$19,663,555	($11,180,230)	$8,483,325
Total assets	**$25,464,193**	**($15,495,236)**	**$9,968,957**	**$21,518,713**	**($11,180,230)**	**$10,338,483**
Deferred tax liability	$874,000	($874,000)	-	$455,000	($455,000)	-
Total liabilities	**$1,423,823**	**($874,000)**	**$549,823**	**$1,038,813**	**($455,000)**	**$583,813**
Shareholders' equity:						
Deficit	($4,505,778)	($14,621,236)	($19,127,014)	($3,138,381)	($10,725,230)	($13,863,611)
Total shareholders' equity (deficit)	**$24,040,370**	**($14,621,236)**	**$9,419,134**	**$20,479,900**	**($10,725,230)**	**$9,754,670**

Effects on Statements of Loss and Comprehensive Loss

	For the year ended December 31, 2019		
Expenses:	**Previously stated**	**Adjustments**	**As restated**
Exploration and evaluation expenditures	-	$4,315,006	$4,315,006
Deferred income tax	$419,000	($419,000)	-
Loss	**($1,367,397)**	**($3,896,006)**	**($5,263,403)**
Weighted number of shares outstanding	35,897,832	-	35,897,832
Basic and diluted loss per share	($0.04)		($0.15)

(Expressed in Canadian Dollars)

4. Changes in Accounting Policies (cont'd…)

Effects on Statements of Cash Flows

	As at December 31, 2019		
	Previously stated	**Adjustments**	**As restated**
Operating activities:			
Loss for the year	($1,367,397)	($3,896,006)	($5,263,403)
Total operating activities	**($1,152,873)**	**($4,328,583)**	**($5,481,456)**
Investing activities:			
Exploration and evaluation assets	($4,618,308)	$4,328,583	($289,725)
Total investing activities	**($4,618,308)**	**$4,328,583**	**($289,725)**

5. Exploration and Evaluation Assets and Expenditures

Exploration and Evaluation Assets

Macmillan Pass Project (Yukon, Canada)		**Fiscal Year Ended December 31, 2020**		**Fiscal Year Ended December 31, 2019**
Acquisition and maintenance costs:				
Opening Balance	$	8,942,213	$	8,483,325
Additions during the year:				
Change in rehabilitation provision		(29,123)		-
Cash payments		559,805		289,725
Shares issued		1,985,500		169,163
		2,516,182		458,888
Acquisition costs, closing balance	**$**	**11,458,395**	**$**	**8,942,213**

Exploration and Evaluation Expenditures

Macmillan Pass Project (Yukon, Canada)		**Fiscal Year Ended December 31, 2020**		**Fiscal Year Ended December 31, 2019**
Assaying	$	46,568	$	220,260
Camp and field		1,609,382		1,000,780
Drilling		942,122		845,070
Engineering		117,341		115,316
Geological Consulting		1,819,979		1,812,011
Legal Fees		-		4,318
Insurance and other		11,854		17,607
Permitting		88,466		39,870
Reporting		37,630		65,102
Travel & Support		205,229		194,672
Total exploration expenditures	**$**	**4,878,571**	**$**	**4,315,006**

Macmillan Pass Project, Yukon, Canada

Option Agreement with Hudbay

On December 14, 2016, the Company entered into a two-year option agreement with Hudbay Minerals Inc. ("Hudbay") whereby the Company could acquire a 100% interest in the Tom Jason zinc-lead-silver property.

During the year ended December 31, 2018, the Company incurred the required exploration expenditures of $1,250,000 under the option agreement and, accordingly, exercised its option by paying a total of $1,000,000 cash and issuing 3,565,406 common shares to acquire a 100% interest in the Tom Jason property.

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets and Expenditures (cont'd…)

Macmillan Pass Project, Yukon, Canada (cont'd…)

Option Agreement with Hudbay (cont'd…)

Upon exercise of the option, the Company assumed a pre-existing 3% net smelter royalty ("NSR") on the Jason claims to third parties but has the right to purchase at any time – 1.5% of the NSR for $1,250,000 and the remaining 1.5% NSR for $4,000,000.

Option Agreement with Newmont/Maverix

On July 24, 2017, the Company entered into an option agreement with Newmont Canada Holdings, ULC ("Newmont"), whereby the Company can acquire a 100% interest in the MAC claims located on the northwest extension of the Company's Tom Jason claims by paying $450,000 in staged cash payments over four years, maintaining the Mac claims in good standing, and granting Newmont a 0.25% NSR on base metals and other non-precious minerals, 1% NSR on silver and other precious metals excluding gold, and 3% NSR on gold. Newmont will also have an exclusive but limited 30 days right of first offer on any future proposed sale, transfer or disposition by the Company of its interest in the Mac claims. The Mac claims are considered part of the Macmillan Pass project cash generating unit. On June 29, 2018 Newmont sold the Mac claims option agreement to Maverix Metals Inc. ("Maverix") as part of a larger transaction and as such the new registered owner and optionor of the MAC claims became Maverix.

In July 2019, the Company entered into an amending agreement with Maverix modifying the second anniversary payment clause from $95,000 cash payment to $50,000 in cash and 95,000 common shares of the Company.

On August 7, 2020, Maverix and the Company signed a third amendment to the option agreement changing the fourth anniversary cash payment from $115,000 to $2,500 cash and 225,000 common shares. In September 2020, the Company exercised the option agreement and acquired 100% of the Mac claims by issuing 225,000 common shares with a fair value of $202,500. The following schedule summarizes final option payment terms between the Company and Maverix:

Due Date	Amount	Common Shares
July 24, 2017 (signing of the option)	$50,000	-
July 24, 2018 (first anniversary)	$80,000	-
July 24, 2019 (second anniversary)	$50,000	95,000
July 24, 2020 (third anniversary)	$110,000	-
July 24, 2021 (fourth anniversary)	$2,500	225,000
TOTAL	**$292,500 (paid)**	**320,000 (issued)**

Option Agreement with Constantine Metal Resources Ltd./Epica Gold Inc. and Carlin Gold Corporation

In April 2018, the Company entered into a mineral property option agreement with Constantine Metal Resources Ltd. ("Constantine") and Carlin Gold Corporation ("Carlin") to purchase the MC, MP and Jerry Claims.

On July 31, 2019, Constantine transferred its rights, title and interest in and to the Constantine claims and assigned its right and interest in and to the aforementioned agreement, to its wholly-owned subsidiary, Epica Gold Inc. ("Epica") and later transferred 100% interest in Epica to its spinoff company, HighGold Mining Inc.

On May 6, 2020, the Company entered into an amending agreement with Epica and Carlin deferring the third share payment to the period on or before May 14, 2020 and the third cash payment of $150,000 until August 9, 2020. On May 11, 2020, a total of 100,000 common shares (50,000 common shares each) with a fair value of $37,500 were issued to Carlin and Epica.

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets and Expenditures (cont'd…)

Macmillan Pass Project, Yukon, Canada (cont'd…)

Option Agreement with Constantine Metal Resources Ltd./Epica Gold Inc. and Carlin Gold Corporation (cont'd…)

On August 11, 2020, Epica, Carlin and the Company signed another amendment to the option agreement, allowing the Company to exercise the option upon issuance of 350,000 common shares to Epica, and payment of $75,000 and 200,000 common shares to Carlin within five days of TSX Venture Exchange ("TSX.V") approval of the amendment.

In September 2020, the Company exercised its option and acquired a 100% interest in the MC, MP, and Jerry claims (the "Epica-Carlin claims") by issuing 550,000 common shares with a fair value of $544,500. The following schedule reflects the payments made to exercise the option agreement:

Due Date	Cash	Common Shares
Exchange approval of the option agreement (May 9, 2018)	$75,000	50,000
On or before May 9, 2019	$125,000	50,000
On or before May 11, 2020	-	100,000
On or before September 19, 2020	$75,000	550,000
TOTAL	**$275,000 (paid)**	**750,000 (issued)**

Although not part of the consideration payable to exercise the option, the Company will pay one additional $750,000 in cash or equivalent in shares, upon receiving a resource calculation of at least 2.0 million tonnes of indicated (or better) resource on any part of the Epica-Carlin claims. Epica and Carlin will retain the right to receive a NSR on any future mine production from the Epica-Carlin claims as follows: 0.5% NSR on base metals and silver, and 2% NSR on all other metals including gold. The Company maintains a right of first refusal on the sale of any NSR royalty from these claims by Epica and/or Carlin

Option Agreement with Golden Ridge Resources Ltd.

In April 2018, the Company entered into a mineral property option agreement with Golden Ridge Resources Ltd. ("Golden Ridge") extending the Company's Macmillan Pass Project land position.

This option allows the Company to acquire a 100% interest in a number of quartz claim tenures from Golden Ridge ("BR and NS claims"). During the year ended December 31, 2019 the Company signed an amending agreement under which the cash payment of $37,500 was made and 121,875 common shares issued in May 2019 representing a second installment towards 100% interest in BR and NS claims.

On May 6, 2020, Golden Ridge and the Company signed an amending agreement to delay the May 9, 2020 initially agreed cash payment of $150,000 to August 2020. On May 11, 2020, a total of 100,000 common shares with a fair value of $37,500 were issued to Golden Ridge.

On August 7, 2020, Golden Ridge and the Company signed an amendment to allow the Company to exercise the option by issuing 900,000 common shares. On September 17, 2020, the Company exercised this option and issued 900,000 common shares with a fair value of $810,000. The following schedule reflects the payments made to exercise the option agreement:

Due Date	Cash	Common Shares
Exchange approval of the option agreement (May 9, 2018)	$75,000	75,000
On or before May 9, 2019	$37,500	121,875
On or before May 11, 2020	-	100,000
On or before September 19, 2020	-	900,000
TOTAL	**$112,500 (paid)**	**1,196,875 (issued)**

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets and Expenditures (cont'd…)

Macmillan Pass Project, Yukon, Canada (cont'd…)

Option Agreement with Golden Ridge Resources Ltd. (cont'd…)

Although not part of the consideration payable to exercise the option, the Company will pay one additional $750,000 in cash or equivalent in shares, to Golden Ridge, upon receiving a resource calculation of at least 2 million tonnes of indicated (or better) resource on any part of the BR and NS claims.

Golden Ridge will retain the right to receive NSR royalties on any future mine production from the BR and NS claims as follows: 0.5% NSR on base metals and silver, and 2% NSR on all other metals, including gold. There is also a third party 3% NSR on any future cobalt production from the BR and NS claims. The Company will have the right to purchase one-half of these NSR royalties (excluding the cobalt royalty) for $2,000,000 at any time prior to the commencement of commercial production. The Company maintains a right of first refusal on the sale of any NSR royalty from the BR and NS claims by Golden Ridge.

Acquisition of Nidd Property

On November 2, 2018, the Company entered into a purchase and sale agreement with Teck Metals Ltd. and Teck Mining Worldwide Holdings Ltd. ("Teck"). to acquire the right, title and interest in and to the Nidd property on the western extension of the Macmillan Pass Zinc Project in Yukon.

On November 27, 2018, as per the terms of the purchase and sale agreement, the Company issued 1,500,000 common shares of the Company with a fair value of $1,350,000 and granted Teck a 1% NSR on the production from the Nidd Property. The fair value of the shares issued was determined based on the market price at the date of the issuance.

Acquisition of QuestEx Properties

On November 20, 2020, the Company entered into a purchase and sale agreement with QuestEx Gold & Copper Ltd. ("QuestEx") to acquire a 100% interest in the Sol Property, which extends the Company's Macmillan Pass Project claims. Under this agreement, the Company made a cash payment of $100,000 and issued 350,000 common shares to QuestEx. The total fair value of the shares issued was determined to be $353,500, based on the market price at the date of the issuance.

QuestEx retains a 0.5% NSR on all base metals and silver and a 2% NSR on all other metals including gold, which may be mined from the property. There is an additional private third-party royalty consisting of a 2% NSR on production from the Sol Property, of which 1% may be extinguished for $2,000,000.

Option Agreement with Cathro Resources Corp. and Cazador Resources Ltd.

On November 20, 2020, the Company entered in a one-year option agreement with Cathro Resources Corp. ("Cathro") and Cazador Resources Ltd. ("Cazador") to acquire a number of claims ("Oro Property") in the Macmillan Pass area for an aggregate consideration of $500,000 in cash and 1,000,000 common shares of the Company, payable as indicated in the table below. Each cash payment and share issuance will be made equally between each of the property owners.

Due Date	Cash	Common Shares
Exchange approval of the option agreement*	$250,000 (paid)	500,000*
On or before January 13, 2022	$250,000	500,000
TOTAL	**$500,000**	**1,000,000**

*TSX.V approved the option agreement on January 13, 2021; 500,000 common shares were issued to Cathro (50%) and Cazador (50%), subsequent to the year ended December 31, 2020 on January 14, 2021.

The vendors retain a 0.5% NSR on all base metals and silver and a 2% NSR on all other metals including gold, which may be mined from the property.

(Expressed in Canadian Dollars)

6. Equipment

		Exploration Equipment		Computer Hardware		Vehicles (Trucks)		Total
Cost								
As at December 31, 2018 and 2019	$	38,026	$	3,603	$	-	$	41,629
Acquisition		-		-		107,940		107,940
Balance as at December 31, 2020		**38,026**		**3,603**		**107,940**		**149,569**
Accumulated Depreciation								
As at December 31, 2018		(11,223)		(2,513)		-		(13,736)
Depreciation expense		(5,360)		(491)		-		(5,851)
As at December 31, 2019		(16,583)		(3,004)		-		(19,587)
Depreciation expense		(3,978)		(227)		(11,840)		(16,045)
Balance as at December 31, 2020		**(20,561)**		**(3,231)**		**(11,840)**		**(35,632)**
Net book value								
As at December 31, 2019	$	21,443	$	599	$	-	$	22,042
As at December 31, 2020	**$**	**17,465**	**$**	**372**	**$**	**96,100**	**$**	**113,937**

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities mainly consist of payables to management and to vendors for work completed on the Company's project as well as accrual of professional and director fees. The breakdown of accounts payable and accrued liabilities are as follows:

		December 31, 2020		December 31, 2019
Payable to related parties (Note 13)	$	15,044	$	124,688
Payable to vendors		214,819		164,112
Total Accounts Payable and Accrued Liabilities	**$**	**229,863**	**$**	**288,800**

8. Loan Payable

In May 2020, the Company secured a $40,000 interest-free operating line of credit after applying for the government-sponsored Canada Emergency Business Account ("CEBA") under the Government of Canada COVID-19 relief program.

Terms of the CEBA agreement:

i. The CEBA funds are intended for non-deferrable operating expenses, including but not limited to payroll, rent and insurance,

ii. If there is a balance outstanding after December 31, 2020, the remaining outstanding amount will be converted into a 2-year interest-free term loan effective January 1st, 2021,

iii. If $30,000 is repaid by December 31, 2022, $10,000 of the operating line will be forgiven,

iv. On December 31, 2022, the Company may choose to exercise an option to extend the term loan for another 3 years at the rate of 5% per annum on any balance remaining.

(Expressed in Canadian Dollars)

9. Flow-Through Premium Liability

Flow-through share premium liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through shares issuances:

Balance at December 31, 2018	**$**	**-**
Liability incurred on flow-through shares issued		**649,609**
Flow-through issuance costs		(48,853)
Settlement of flow-through liability on incurred expenditures		(600,756)
Balance at December 31, 2019	**$**	**-**
Liability incurred on flow-through shares issued		**804,791**
Flow-through issuance costs		(35,659)
Settlement of flow-through liability on incurred expenditures		(769,132)
Balance at December 31, 2020	**$**	**-**

On August 6, 2020, the Company issued 3,582,423 flow-through common shares at a price of $0.65 per share for gross proceeds of $2,328,575 and 1,630,000 flow-through common shares at a price of $0.76 through a charity arrangement for the proceeds of $1,238,800. Premiums of $0.12 and $0.23 per share were recorded for each of these flow-through share issuances, totaling $804,791 in flow-through liability. Share issuance costs allocated to the flow-through premium liability were $35,659.

As of December 31, 2020, the Company incurred eligible flow-through expenditures of $3,567,375 of the total flow-through funds raised. Therefore, 100% of the flow-through premium liability $804,791 and 100% of the flow-through related share issuance costs $35,659 were recognized on the statement of loss and comprehensive loss, resulting in a $nil flow-through liability balance at December 31, 2020.

On February 15, 2019, the Company issued 1,820,728 flow-through common shares at a price of $0.95 per share for gross proceeds of $1,729,692 and 1,255,000 flow-through common shares at a price of $1.10 through a charity arrangement for the proceeds of $1,380,500. Premiums of $0.15 and $0.30 per share were recorded for each of these flow-through share issuances, totaling $649,609 in flow-through liability. Share issuance costs allocated to the flow-through premium liability were $48,853.

During 2019, the Company incurred eligible flow-through expenditures in excess of the $3,110,192 of the total flow-through funds raised. Therefore, 100% of the flow-through premium liability of $649,609 and 100% of the flow-through related share issuance costs of $48,853 were recognized on the statement of loss and comprehensive loss, resulting in the $Nil flow-through liability balance at December 31, 2019.

10. Rehabilitation Provisions

The Company has estimated that the present value of future rehabilitation costs required to remediate the Tom Jason property based on its current state. The Company did not have any rehabilitation provisions prior to the acquisition of the Tom Jason property.

Although the ultimate amount of the rehabilitation liability is uncertain, the best estimate of these obligations is based on information currently available. Current significant closure and rehabilitation activities include dismantling and removing camp facilities, roads reclamation and mobile equipment removal costs.

The total amount of estimated undiscounted cash flow required to settle the Company’s estimated obligation as at December 31, 2020 was $234,596. The calculation of present value of estimated future cash flows assumed a discount rate of 0.67% (2019 – 1.79%) and an inflation rate of 0.62% (2019 – 2.70%). Rehabilitation costs are estimated to be settled at various dates during 2028.

(Expressed in Canadian Dollars)

10. Rehabilitation Provisions (cont'd…)

Balance, December 31, 2018	**$**	256,433
Accretion		4,590
Balance, December 31, 2019	**$**	**261,023**
Accretion		4,672
Change in estimate		(29,123)
Balance, December 31, 2020	**$**	**236,572**

11. Capital Stock and Reserves

The authorized capital stock of the Company consists of an unlimited number of common shares without nominal or par value. As at December 31, 2020, the Company had 56,057,112 (December 31, 2019 – 37,797,129) common shares issued and outstanding.

Transactions for the year ended December 31, 2020

On April 14, 2020, the Company closed a private placement financing for gross proceeds of $1,142,300. The financing consisted of 3,807,670 common shares of the Company at a price of $0.30 per share with a full four-year warrant exercisable at $0.60 per share but subject to accelerated expiry terms if the Company's shares trade at or above $1.00 per share for 20 consecutive days. In connection with the private placement, the Company incurred a total of $45,882 share issuance costs, including a cash finders' fee of $30,930, other share issuance costs of $8,858 and 103,099 finders' warrants with a fair value of $6,094, which are exercisable at a price of $0.40 per share until April 14, 2021.

On May 11, 2020, the Company issued 50,000 common shares to Epica and 50,000 common shares to Carlin totalling 100,000 common shares as part of the third option payment for the MC, MP and Jerry Claims. The fair value of the common shares at the time of issuance was $37,500 (Note 5).

On May 11, 2020, the Company issued 100,000 common shares to Golden Ridge as part of the third option payment for the BR and NS claims. The fair value of the common shares at the time of issuance was $37,500 (Note 5).

On May 14, 2020, the Company issued 300,000 performance shares to a former director of the Company, as per the performance shares agreement dated December 19, 2016, following the director's resignation in April 2020. The fair value of the shares at the time of issuance was $112,500.

On August 6, 2020 the Company closed a non-brokered private placement for aggregate gross proceeds of $5,239,352 consisting of:

(i) 3,154,673 units at a price of $0.53 per unit with each unit comprising one common share and one half of one common share purchase warrant exercisable at $0.80 per share for a period of two years,

(ii) 3,582,423 flow-through common shares at a price of $0.65 per share, and

(iii) 1,630,000 charity flow-through units at a price of $0.76 per unit with each unit consisting of one common share with one half of one common share purchase warrant, each full warrant is exercisable at $0.80 per share for a period of two years.

In connection with the private placement, the Company incurred total share issuance costs of $122,406, including cash finders' fees of $87,717, other cash share issuance costs of $6,788 and issued 232,386 one-year finders' warrants with a fair value of $29,261, which are exercisable at prices of:

11. Capital Stock and Reserves (cont'd…)

(i) 75,532 finders warrants at a price of $0.60 per share with a fair value of $10,801 for the $0.53 units,

(ii) 71,054 finders warrants at a price of $0.65 per share with a fair value of $9,491 for the $0.65 flow-through shares, and

(iii) 85,800 finders warrants at a price $0.76 per share with a fair value of $8,969 for the $0.76 charity flow-through units.

Concurrent with the private placement, the Company allocated $35,659 to flow-through share issue costs and issued 56,604 common shares with a fair value of $30,000 and issued 28,302 share purchase warrants with a fair value of $4,299 exercisable at $0.80 per share for a period of two years to an arm's length party for corporate finance services related to the private placement.

On September 4, 2020, the Company completed a non-brokered private placement for gross proceeds of $2,064,695. The offering consisted of 3,277,293 common shares and one half of one common share purchase warrant exercisable at $0.95 per share for a period of two years. In connection with this private placement, the Company incurred a total of $135,932 share issuance costs, including a cash finders' fee of $87,796, other cash share issuance costs of $22,480 and issued 142,200 finders' warrants with a fair value of $25,656. All finder's warrants are exercisable for 12 months from the date of issuance at an exercise price of $0.70 per share.

During the year ended, December 31, 2020, 226,320 warrants were exercised for gross proceeds of $139,537. In connection with the issuance, a total of $2,207 was re-allocated from reserves to capital stock.

In September 2020, the Company issued 1,675,000 common shares with a fair value of $1,557,000 to exercise its options to acquire a 100% interest in MAC, MC, MP, Jerry, NS and BR (Note 5).

In December 2020, the Company issued 350,000 common shares with a fair value of $353,500 to QuestEx to acquire a 100% interest in Sol Property (Note 5).

Transactions for the year ended December 31, 2019

On February 15, 2019, the Company closed a non-brokered private placement for gross proceeds of $5,013,992. The Company issued a total of 2,379,750 common shares at a price of $0.80 per share, 1,820,728 flow-through common shares at a price of $0.95 and 1,255,000 charity flow-through common shares at a price of $1.10 through a donation arrangement. An associated flow-through liability of $649,609 was recognized on the statement of financial position (Note 9).

The Company incurred a total of $233,900 issue costs, $48,853 of which was allocated to flow-through share issue costs. The issue costs included 6% finders' cash commission ($36,237) and a fair value of 34,680 agents' warrants in the amount of $10,094 as well as other legal, advisory and filing fees.

All the agent's warrants are exercisable at $0.95 for a period of two years from the grant date. During the year ended December 31, 2019, the Company issued 378,000 common shares on the exercise of agents' warrants for the total proceeds of $189,000 and allocated a fair value of $99,016 from reserves to capital stock.

On May 3, 2019, the Company issued 25,000 common shares to Constantine and Carlin each for the total of 50,000 common shares as part of the second option payment for the MC, MP and Jerry Claims. The shares were valued at the closing market price of $0.67 at the date of issue (Note 5) for the total fair value of $33,500.

On May 27, 2019, the Company issued 121,875 common shares to Golden Ridge for NS and BR claims, as per the option agreement amendment effective April 15, 2019 (Note 5). The fair value of the shares issued was $85,313.

On August 12, 2019, the Company issued 95,000 common shares to Maverix for Mac claims, as per the option agreement amendment effective July 23, 2019 (Note 5). The fair value of the shares issued was $50,350.

(Expressed in Canadian Dollars)

11. Capital Stock and Reserves (cont'd…)

Escrow shares

As of December 31, 2020, $Nil (December 31, 2019 – 1,713,811) common shares are held in escrow. The common shares issued in connection with IPO and held in escrow were released as to 10% on the listing date and the balance in equal 15% tranches were released every six months from the listing date.

On February 2, 2018, the Company issued 3,565,406 shares to Hudbay upon exercise of the option to acquire 100% interest in the Tom Jason property (Note 5), which were placed in escrow with 25% of shares released on Feb 6, 2018 and another 15% released on May 29, 2018. The balance was released in equal 15% tranches every six months.

The remaining shares held in escrow were released on May 29, 2020.

Stock options

The Company adopted a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum numbers of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time and are exercisable within a maximum of ten (10) years. The vesting period for all options is at the discretion of the directors. The exercise price will be set by the directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

The following is a summary of the Company's stock option activity:

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2018	2,445,000	$0.86
Granted	250,000	$0.65
Balance as at December 31, 2019	2,695,000	$0.86
Granted	1,100,000	$0.65
Forfeited	(305,000)	$0.72
Balance as at December 31, 2020	**3,490,000**	**$0.79**

Share-based compensation relating to options vested during the year ended December 31, 2020 using the Black-Scholes option pricing model were $264,611 (2019 - $380,274), which was recorded as reserves on the statements of financial position and as share-based compensation expense on the statement of loss and comprehensive loss.

On September 18, 2020, the Company granted 120,000 options for a five-year term to its newly appointed Senior Vice President, Projects. The options vest 20% every 6 months following the grant date and are exercisable at $0.99 per share.

On August 25, 2020, the Company granted a total of 160,000 stock options to its newly appointed director, exercisable at $0.71 per share for a five-year term. The options vest 20% every 6 months following the grant date.

On June 10, 2020, the Company granted a total of 820,000 stock options to various employees and consultants, exercisable at $0.59 per share for a five-year term. They options vest 20% every 6 months following the grant date.

The associated share-based compensation expense for the options granted was calculated based on the following weighted average assumptions:

(Expressed in Canadian Dollars)

11. Capital Stock and Reserves (cont'd…)

	December 31, 2020	December 31, 2019
Risk-free interest rate	0.37%	1.56%
Expected life of options	5 years	5 years
Annualized volatility	72.90%	62.66%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%
Weighted average share price on grant date	$0.61	$0.57
Weighted average fair value of options granted	$0.65	$0.29

As at December 31, 2020, the Company had outstanding stock options exercisable as follows:

Expiry date (mm/dd/yyyy)	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining life in Years	Weighted Average Exercise Price
04/26/2022	1,180,000	1,180,000	1.32	$0.50
10/27/2022	30,000	30,000	1.82	$0.70
12/06/2022	120,000	120,000	1.93	$0.83
03/14/2023	810,000	810,000	2.20	$1.45
07/11/2024	250,000	100,000	3.53	$0.65
06/10/2025	820,000	164,000	4.44	$0.59
08/25/2025	160,000	-	4.65	$0.71
09/18/2025	120,000	-	4.72	$0.99
	3,490,000	**2,404,000**	**2.71**	**$0.79**

Share purchase warrants and agents' warrants

The share purchase warrants, agents' warrants and options activities are summarized below:

	Number of Warrants	Weighted Average Exercise Price
Balance as at December 31, 2018	**628,064**	**$0.83**
Issued	34,680	$0.95
Exercised	(378,000)	$0.50
Balance as at December 31, 2019	**284,744**	**$1.27**
Exercised	(226,320)	$0.61
Expired	(250,064)	$1.32
Issued	8,344,641	$0.73
Balance as at December 31, 2020	**8,153,001**	**$0.73**

As at December 31, 2020, the Company had outstanding share purchase and agents' warrants as follows:

Expiry date (mm/dd/yyyy)	Warrants Outstanding	Weighted Average Remaining life in Years	Weighted Average Exercise Price
02/15/2021	34,680	0.13	$0.95
04/14/2024	3,622,003	3.29	$0.60
04/14/2021	96,596	0.28	$0.40
08/06/2022	2,371,087	1.60	$0.80
08/06/2022	28,302	1.60	$0.80
08/06/2021	85,800	0.60	$0.76
08/06/2021	65,632	0.60	$0.60
08/06/2021	71,054	0.60	$0.65
09/04/2022	1,638,647	1.68	$0.95
09/04/2021	139,200	0.68	$0.70
	8,153,001	**2.30**	**$0.73**

(Expressed in Canadian Dollars)

11. Capital Stock and Reserves (cont'd…)

Share purchase warrants and agents' warrants (cont'd…)

During the year ended December 31, 2020, 250,064 agents' warrants expired unexercised, 7,838,654 share purchase warrants were issued in a private placement and 505,987 finders' and advisory fee warrants with a fair value of $65,310 were granted.

During the year ended December 31, 2019, the Company issued 34,680 agents' warrants with a fair value of $10,094. In addition, 378,000 common shares of the Company were issued upon the exercise of agent warrants for gross proceeds of $189,000.

The fair value of the agents' warrants was determined using the Black Scholes valuation model with the assumptions indicated below:

	December 31, 2020	December 31, 2019
Risk-free interest rate	0.27%	1.78%
Expected life of warrants	1.06 years	2 years
Annualized volatility	79.34%	66.65%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%
Weighted average share price on grant date	$0.51	$0.87
Weighted average fair value of the warrants granted	$0.13	$0.29

The fair value of the finders' warrants of $65,310 (2019: $10,094) was recorded to warrants reserve on the statement of changes in shareholders' equity.

12. Income Taxes

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

	2020	2019 (Restated)
Net loss before income tax	$ (5,640,598)	$ (5,263,403)
Expected income tax expense (recovery)	(1,523,000)	(1,421,000)
Permanent difference	(104,000)	(60,000)
Impact of flow through shares	963,000	840,000
Share issue cost	(65,000)	(60,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	-	(45,000)
Change in unrecognized deductible temporary differences	729,000	746,000
Total income tax expense	$ -	$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

(Expressed in Canadian Dollars)

12. Income Taxes (cont'd…)

Deferred tax assets (liabilities)		2020		2019 (Restated)
Exploration and evaluation assets	$	2,263,000	$	1,954,000
Property and equipment		54,000		12,000
Share issue costs		205,000		237,000
Non-capita losses available for future period		1,517,000		1,107,000
		4,039,000		3,310,000
Unrecognized deferred tax assets		(4,039,000)		(3,310,000)
Net deferred tax liabilities	$	-	$	-

The significant components of deductible temporary differences, unused tax losses and unused tax credits that have not been included on the statement of financial position are as follows:

		December 31, 2020	**Expiry Dates**		**December 31, 2019 (Restated)**	**Expiry Dates**
Exploration and evaluation assets	$	8,382,000	No expiry date	$	7,496,000	No expiry date
Property and equipment, and other		198,000	No expiry date		43,000	No expiry date
Share issue costs		759,000	2041-2044		876,000	2040-2043
Non-capital losses		5,620,000	2035-2040		4,100,000	2035-2039

Tax attributes are subject to review and potential adjustment by tax authorities.

13. Related Party Transactions

Related party transactions mainly include management and consulting fees, director and committee fees as well as share-based compensation. The related parties are represented by the key management personnel, which include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Related parties also include companies, controlled by officers and/or directors.

The remuneration to directors and key management personnel during the year ended December 31, 2020 and 2019 was as follows:

Nature of the transaction		**Year ended December 31, 2020**		**Year ended December 31, 2019**
Director and committee fees	$	126,351	$	147,000
Investor relations and corporate development		6,249		-
Management and consulting fees		332,775		388,526
Management and consulting fees related to exploration and evaluation*		26,168		37,475
Share-based compensation		128,991		173,619
Total compensation	**$**	**620,534**	**$**	**746,620**

* Management and consulting fees related to exploration and evaluation were previously capitalized but due to the accounting policy change (Note 4) are expensed as incurred.

(Expressed in Canadian Dollars)

13. Related Party Transactions (cont'd…)

The following amounts were owed to directors and key management personnel or companies controlled by them. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

			December 31, 2020		December 31, 2019
Directors	Director and committee fees	$	-	$	110,250
Key management	Management fees and expense recoveries		15,044		14,438
		$	**15,044**	**$**	**124,688**

14. Segmented Information

The Company operates in one reportable segment, being the acquisition and exploration of mineral projects. All of the Company's operations are within the mineral exploration sector in Canada.

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 exploration and evaluation assets. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage, as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company may 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 or feels it can raise adequate financial resources to do so. The Company is not subject to any externally imposed capital requirements and there were no changes to management's approach to capital manager during the year ended December 31, 2020.

16. Financial Instruments and Risk Management

The Company has classified its financial instruments as follows:

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, reclamation bond, loan payable and accounts payable and accrued liabilities, approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's other financial instruments, cash, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities.

16. Financial Instruments and Risk Management (cont'd…)

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 counterparty's inability to fulfill its payment obligations. Receivables of $233,491 consist of Goods and Services Tax ("GST") recoverable from the Federal Government of Canada. The Company believes its exposure to credit risk is equal to the carrying value of this balance. The Company has exposure to credit risk with respect to its cash as it places most of its cash in one financial institution in Canada. The Company believes its exposure is limited as it banks with a large Canadian institution.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had a cash balance of $2,264,206 to settle current liabilities of $229,863. The Company believes it has sufficient funds to meet its current liabilities as they become due.

The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2020, the Company is not exposed to significant interest rate risk.

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 profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Foreign currency risk

The Company operates predominately in Canada and is not exposed to any significant foreign currency risk.

17. Commitment

On December 19, 2016, the Company granted but did not issue, 1,000,000 performance shares to each of four founders/directors for a total of 4,000,000 shares, in recognition of services to date and as incentive for continuing services in advancing the project and increasing shareholder value. Each founder/director will receive, upon request and confirmation, the following performance shares upon achievement of the following milestones:

(Expressed in Canadian Dollars)

17. Commitment (cont'd…)

Number of shares to be issued	Milestone
300,000	Preparation of a positive preliminary economic assessment of the Tom and Jason zinc-lead-silver deposits (or any part of this property thereof).
300,000	Increasing the mineral resources contained within the Tom and Jason property by at least 50% over the current stated mineral resources as stated in the 2007 Technical Report by D. Rennie (either by additional tonnage or increased total zinc+lead+silver content at similar or higher grade).
Balance(1)	Preparation of a positive Pre-Feasibility Study of the Tom and Jason deposits (or any part thereof).
Balance(1)	The effective disposition of greater than 50% of the Tom and Jason deposits or of the Company, whether by way of sale, business combination, joint venture or other similar form of transaction, demonstrating a value of at least $10,000,000.

(1) Balance of the 1,000,000 performance shares which have not been previously issued will be issued upon the achievement of either one or the other of these two milestones.

Under the terms of the performance shares agreement above, the Company issued 300,000 performance shares to a former director on May 14, 2020, following his resignation in April 2020 (see Note 11 for more details).

18. Subsequent Events

The following events have taken place subsequent to the year ended December 31, 2020:

- 350,646 warrants were exercised for gross proceeds of $239,766 and 18,830 warrants expired unexercised;
- 500,000 shares were issued to Cathro (50%) and Cazador (50%) for the Oro Property (Note 5).