**BELMONT RESOURCES INC.**

**Consolidated Financial Statements**

**Years ended January 31, 2021 and 2020**

**(Expressed in Canadian Dollars)**

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Belmont Resources Inc.

**Opinion**

We have audited the consolidated financial statements of Belmont Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021 and 2020, 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 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 is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

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

**Other Information**

Management is responsible for the other information. The other information comprises the information included in 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 identified above 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 International Financial Reporting Standards, 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 David Goertz.

DMCL

**DALE MATHESON CARR-HILTON LABONTE LLP**
**CHARTERED PROFESSIONAL ACCOUNTANTS**
Vancouver, BC

May 31, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

**BELMONT RESOURCES INC.**
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

| | Notes | January 31, 2021 | January 31, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | $ 441,586 | $ 15,058 |
| Marketable securities | | 3,985 | 2,163 |
| Receivables | 11 | 42,811 | 2,386 |
| Prepaid expense | | 1,933 | 2,389 |
| | | 490,315 | 21,996 |
| **Non-current assets** | | | |
| Due from related parties | 8 | 114,155 | 116,310 |
| Property and equipment | 3 | 17,107 | 20,282 |
| Exploration and evaluation assets | 4 | 1,512,611 | 1,195,844 |
| Reclamation bond | 4 | 79,454 | 65,454 |
| Prepaid expense | | - | 4,150 |
| | | 1,723,327 | 1,402,040 |
| **TOTAL ASSETS** | | **$ 2,213,642** | **$ 1,424,036** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade payables and accrued liabilities | 5 | $ 87,613 | $ 162,870 |
| Due to related parties | 8 | 163,312 | 237,492 |
| Flow-through share premium liability | 6 | 91,013 | - |
| Promissory notes | 10 | - | 91,405 |
| **TOTAL LIABILIITES** | | **341,938** | **491,767** |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 7 | 23,952,749 | 22,616,602 |
| Reserves | 7 | 1,620,616 | 1,405,926 |
| Deficit | | (23,701,661) | (23,090,259) |
| **TOTAL SHAREHOLDERS' EQUITY** | | **1,871,704** | **932,269** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **$ 2,213,642** | **$ 1,424,036** |

Going concern (Note 1)
Commitments (Note 4)
Subsequent events (Note 14)

Approved on Behalf of the Board:

*"George Sookochoff"* — Director

*"Gary Musil"* — Director

See accompanying notes to the consolidated financial statements

**BELMONT RESOURCES INC.**
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

| | | Years ended | |
|---|---|---|---|
| | Notes | January 31, 2021 | January 31, 2020 |
| **Expenses** | | | |
| Amortization | 3 | $ 3,010 | $ 3,106 |
| Bad debt expense | 8 | 11,386 | 81,486 |
| Consulting fees | | 86,236 | 73,948 |
| Foreign exchange | | 91 | (1,220) |
| Legal and audit | | 56,792 | 66,982 |
| Loan interest | 10 | 17,906 | 11,571 |
| Office and miscellaneous | | 13,535 | 7,303 |
| Property costs | | 1,011 | 250 |
| Regulatory fees | | 31,185 | 26,936 |
| Rent | 8 | 23,836 | 11,014 |
| Salaries and administration services | 8 | 167,416 | 166,146 |
| Shareholder relations | | 8,148 | 9,226 |
| Stock based payment | 7, 8 | | |
| Directors | | 138,012 | 53,107 |
| Consultants | | 33,603 | 44,077 |
| Telephone and internet | | 4,683 | 4,551 |
| Transfer agent fees | | 14,590 | 19,678 |
| Travel and promotion | | 16,528 | 128,845 |
| | | (627,968) | (707,006) |
| **Other items** | | | |
| Gain on disposition of equipment | | 85 | - |
| Bad debt recovered | 8 | 6,494 | 42,499 |
| Reversal of flow-through premium liability | 6 | 9,987 | - |
| | | 16,566 | 42,499 |
| **Net loss for the year** | | (611,402) | (664,507) |
| **Other comprehensive income** | | | |
| Unrealized gains (losses) on financial assets | | 1,822 | (1,241) |
| **Total comprehensive loss for the year** | | **$ (609,580)** | **$ (665,748)** |
| **Loss per share – basic and diluted** | | **$ (0.02)** | **$ (0.05)** |
| **Weighted average number of shares** | | **30,899,981** | **14,176,564** |

See accompanying notes to the consolidated financial statements

**BELMONT RESOURCES INC.**
Statement of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)

| | Share capital | | Reserves | | | |
|---|---|---|---|---|---|---|
| | Number of shares | Amount | Stock-based reserve | Revaluation of financial assets | Deficit | Total |
| **Balance at February 1, 2019** | **11,084,989** | **$ 22,173,862** | **$ 1,312,137** | **$ (10,445)** | **$ (22,425,752)** | **$ 1,049,802** |
| Loss for the year | - | - | - | - | (664,507) | (664,507) |
| Other comprehensive income | - | - | - | (1,241) | - | (1,241) |
| Total comprehensive loss for the year | - | - | - | (1,241) | (664,507) | (665,748) |
| Shares issued for cash | | | | | | |
| - Private placement (units) | 4,387,500 | 319,500 | - | - | - | 319,500 |
| - Options | 100,000 | 65,715 | (25,715) | - | - | 40,000 |
| Share issue costs | - | (35,191) | 7,891 | - | - | (27,300) |
| Shares issued for promissory notes | 266,666 | 13,166 | - | - | - | 13,166 |
| Shares issued to acquire exploration and evaluation asset | 200,000 | 6,500 | - | - | - | 6,500 |
| Units issued to acquire exploration and evaluation asset | 576,250 | 73,050 | 26,115 | - | - | 99,165 |
| Stock based payment | - | - | 97,184 | - | - | 97,184 |
| | 5,530,416 | 442,740 | 105,475 | - | - | 548,215 |
| **Balance at January 31, 2020** | **16,615,405** | **$ 22,616,602** | **$ 1,417,612** | **$ (11,686)** | **$ (23,090,259)** | **$ 932,269** |
| Loss for the year | - | - | - | - | (611,402) | (611,402) |
| Other comprehensive income | - | - | - | 1,822 | - | 1,822 |
| Total comprehensive loss for the year | - | - | - | 1,822 | (611,402) | (609,580) |
| Shares issued for cash | | | | | | |
| - Private placement (units) | 22,630,500 | 1,303,290 | - | - | - | 1,303,290 |
| - Warrants | 875,000 | 43,750 | - | - | - | 43,750 |
| Share issue costs | - | (117,499) | 41,215 | - | - | (76,284) |
| Shares issued for promissory notes | 60,000 | 2,100 | - | - | - | 2,100 |
| Shares issued to acquire exploration and evaluation assets | 1,720,000 | 103,100 | - | - | - | 103,100 |
| Units issued to acquire exploration and evaluation asset | 31,250 | 1,406 | 38 | - | - | 1,444 |
| Stock based payment | - | - | 171,615 | - | - | 171,615 |
| | 25,316,750 | 1,336,147 | 212,868 | - | - | 1,549,015 |
| **Balance at January 31, 2021** | **41,932,155** | **$ 23,952,749** | **$ 1,630,480** | **$ (9,864)** | **$ (23,701,661)** | **$ 1,871,704** |

*On June 6, 2019 the capital of the Company was consolidated on an 8 old shares for 1 new share. All share amounts have been restated to reflect the consolidation.*

See accompanying notes to the consolidated financial statements

**BELMONT RESOURCES INC.**
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

| | Years ended January 31, 2021 | Years ended January 31, 2020 |
|---|---|---|
| **Operating activities:** | | |
| Net loss for the year: | $ (611,402) | $ (664,507) |
| Adjustments for non-cash items: | | |
| Amortization | 3,010 | 3,106 |
| Interest on promissory note | 17,906 | 11,571 |
| Bad debt expense | 11,386 | - |
| Reversal of flow-through share premium liability | (9,987) | - |
| Gain on disposal of equipment | (85) | - |
| Stock based payments | 171,615 | 97,184 |
| Changes in non-cash items: | | |
| Receivables | (40,425) | 614 |
| Prepaid expenses | 4,606 | 49,126 |
| Trade payables and accrued liabilities | (75,257) | 77,458 |
| Due from related parties | (9,231) | 17,220 |
| Net cash flows used in operating activities | (537,864) | (408,228) |
| **Investing Activities** | | |
| Expenditures on exploration and evaluation assets | (212,223) | (163,626) |
| Reclamation Bond | (14,000) | - |
| Advanced from (to) related parties | (74,180) | 110,536 |
| Disposal of equipment | 250 | - |
| Net cash flows used in investing activities | (300,153) | (53,090) |
| **Financing activities** | | |
| Shares issued for cash | 1,448,040 | 359,500 |
| Share issuance costs - cash | (76,284) | (27,300) |
| Promissory note financing | - | 93,000 |
| Promissory notes - repayment | (107,211) | - |
| Net cash flows used in financing activities | 1,264,545 | 425,200 |
| **(Decrease) Increase in cash** | 426,528 | (36,118) |
| **Cash, beginning** | 15,058 | 51,176 |
| **Cash, ending** | $ 441,586 | $ 15,058 |

Non – cash transactions (Note 12)

See accompanying notes to the consolidated financial statements

## 1. Nature and continuance of operations

Belmont Resources Inc. (the “Company”) is incorporated under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and the USA. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “BEA”.

The corporate head office and principal place of business of the Company is 800 West Pender Street, Suite 615, Vancouver, British Columbia, Canada, V6C 2V6.

***Going concern***

The consolidated financial statements have been prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned significant revenue and has an accumulated deficit of $23,701,661. The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material. The Company's financing efforts to date, while substantial, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations. Management will pursue funding initiatives if, as and when required to meet the Company's requirements on an ongoing basis. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

These financial statements do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

In March 2020 the World Health Organization declared the outbreak of COVID-19 a global pandemic. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company’s operations

## 2. Significant accounting policies and basis of preparation

These financial statements were authorized for issue on May 31, 2021 by the Board of Directors.

***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 of the International Financial Reporting Issues Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

## 2. Significant accounting policies and basis of preparation (continued)

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

***Significant estimates and assumptions***

The preparation of these financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, the recoverability of amounts due from related parties, the recoverability and measurement of deferred tax assets, and the provisions for restoration and environmental obligations.

***Significant judgments***

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification and allocation of exploration and evaluation expenditures.

***Exploration and evaluation assets***

Exploration and evaluation assets are composed of exploration and evaluation expenditures which include the costs of acquiring rights or licenses for exploration, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Government tax credits received are recorded as a reduction to the cumulative costs incurred on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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

## 2. Significant accounting policies and basis of preparation (continued)

***Stock based payments***

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

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When the stock options are forfeited or expire, the amount previously recognized in the reserve is transferred to deficit.

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

***Financial instruments***

The Company's financial instruments are classified as follows:

| Financial asset/liability | IFRS 9 |
|---|---|
| Cash | Amortized cost |
| Reclamation bond | Amortized cost |
| Due from related parties | Amortized cost |
| Marketable securities | Fair value through other comprehensive income |
| Accounts payable | Amortized cost |
| Due to related parties | Amortized cost |
| Promissory notes | Amortized cost |

*Financial assets*

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

*Impairment of financial assets*

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the year.

## 2. Significant accounting policies and basis of preparation (continued)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized

*Financial liabilities*

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

*Fair value*

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks. The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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

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

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

***Income taxes***

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Deferred tax

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

## 2. Significant accounting policies and basis of preparation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

***Flow-through shares***

The Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the premium that the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting other income when the Company has made the required expenditures and there is a reasonable expectation of the renunciation of these expenditures to the tax authorities

***Equipment***

Equipment is stated at historical cost less accumulated depreciation and impairment charges.

Amortization is calculated on the declining balance basis at the following annual rates:

| | |
|---|---|
| Computer equipment | 30% |
| Office equipment | 20% |
| Exploration equipment | 30% |
| Building | 10 year straight-line |

One-half the normal rate is recorded in the year of acquisition.

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

The cost of replacing part of a piece of equipment is recognized in the carrying amount of the equipment if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of the equipment are recognized in profit or loss as incurred.

***Foreign currency translation***

The consolidated financial statements of the Company are prepared in the currency of the primary economic environment in which the Company operates (its functional currency). The functional and presentation currency of the Company is the Canadian dollar.

In preparing the financial statements, transaction in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, necessary items denominated in foreign currencies are retranslated at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise.

## 2. Significant accounting policies and basis of preparation (continued)

***Basic and diluted loss per share***

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive. Diluted loss per share is equal to the basic loss per share as net losses were reported during the periods presented.

***Leases***

The Company adopted IFRS 16 - Leases (“IFRS 16”) on February 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. For all leases, the lease liability was measured at February 1, 2019 as the present value of any future minimum lease payments discounted using the appropriate incremental borrowing rate. The associated right of use assets was measured at the amount equal to the lease liability on February 1, 2019.

At inception of a contract, management assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Company recognizes a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

(Expressed in Canadian dollars)

## 2. Significant accounting policies and basis of preparation (continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

As part of the initial application of IFRS 16, we have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

***Government Assistance***

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the cost of the asset is reduced by the amount of the grant and the grant is recognized as income in equal amounts over the expected useful life of the asset.

## 3. Property and equipment

| | Computer Equipment | Office Equipment | Exploration Equipment | Building | Total |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| At January 31, 2020 and 2019 | $ 4,054 | $ 18,681 | $ 27,309 | $ 27,507 | $ 77,551 |
| Disposals | - | (1,365) | - | - | (1,365) |
| At January 31, 2021 | $ 4,054 | $ 17,316 | $ 27,309 | $ 27,507 | $ 76,186 |
| | | | | | |
| **Depreciation:** | | | | | |
| At January 31, 2019 | $ 3,708 | $ 18,202 | $ 26,752 | $ 5,501 | $ 54,163 |
| Charge for the year | 103 | 84 | 168 | 2,751 | 3,106 |
| At January 31, 2020 | 3,811 | 18,286 | 26,920 | 8,252 | 57,269 |
| Charge for the year | 72 | 68 | 116 | 2,754 | 3,010 |
| Eliminated on disposal | - | (1,200) | - | - | (1,200) |
| At January 31, 2021 | $ 3,883 | $ 17,154 | $ 27,036 | $ 11,006 | $ 59,079 |
| | | | | | |
| **Net book value:** | | | | | |
| At January 31, 2020 | $ 243 | $ 395 | $ 389 | $ 19,255 | $ 20,282 |
| At January 31, 2021 | $ 171 | $ 162 | $ 273 | $ 16,501 | $ 17,107 |

(Expressed in Canadian dollars)

## 4. Exploration and evaluation assets

| | USA | Canada | | | | | |
|---|---|---|---|---|---|---|---|
| | Kibby Basin | Pathfinder | Athelstan Group | Come by Chance | Pride of the West/ Black Bear | Other | Total |
| **Property acquisition costs** | | | | | | | |
| Balance, January 31, 2020 | $ 333,209 | $ 102,449 | $ 23,183 | $ - | $ 6,500 | $ 1 | $ 465,342 |
| Additions | | | | | | | |
| Cash payments | - | - | - | 7,500 | - | - | 7,500 |
| Claim fees and staking costs | 28,919 | - | 781 | - | - | - | 29,700 |
| Payments with common shares | - | - | 33,100 | 5,000 | 65,000 | - | 103,100 |
| Payments with issuance of units | - | 1,444 | - | - | - | - | 1,444 |
| Balance, January 31, 2021 | 362,128 | 103,893 | 57,064 | 12,500 | 71,500 | 1 | 607,086 |
| **Exploration and evaluation costs** | | | | | | | |
| Balance, January 31, 2020 | 718,261 | 12,241 | - | - | - | - | 730,502 |
| Costs incurred during year: | | | | | | | |
| Drilling | - | - | 36,400 | - | - | - | 36,400 |
| Geological consulting | - | - | 28,483 | - | - | - | 28,483 |
| Magnetic survey | - | - | 71,956 | 28,132 | - | - | 100,088 |
| Camp office & accommodation | - | 80 | 1,806 | - | - | - | 1,886 |
| Licenses, fees, and taxes | - | - | 162 | - | 25 | - | 187 |
| Reports and adminisration | - | - | 1,979 | 6,000 | - | - | 7,979 |
| Balance, January 31, 2021 | 718,261 | 12,321 | 140,786 | 34,132 | 25 | - | 905,525 |
| Total | $ 1,080,389 | $ 116,214 | $ 197,850 | $ 46,632 | $ 71,525 | $ 1 | $ 1,512,611 |

| | USA | Canada | | | | |
|---|---|---|---|---|---|---|
| | Kibby Basin | Pathfinder | Athelstan Group | Pride of the West/ Black Bear | Other | Total |
| **Property acquisition costs** | | | | | | |
| Balance, January 31, 2019 | $ 292,494 | $ - | $ - | $ - | $ 1 | $ 292,495 |
| Cash payments | - | 26,467 | - | - | - | 26,467 |
| Claim fees and staking costs | 40,715 | - | - | - | - | 40,715 |
| Payments with common shares | - | - | - | 6,500 | - | 6,500 |
| Payments with issuance of units | - | 75,982 | 23,183 | - | - | 99,165 |
| Balance, January 31, 2020 | 333,209 | 102,449 | 23,183 | 6,500 | 1 | 465,342 |
| **Exploration and evaluation costs** | | | | | | |
| Balance, January 31, 2019 | 634,058 | - | - | - | - | 634,058 |
| Costs incurred during year: | | | | | | |
| Assays and testing | 5,747 | 1,483 | - | - | - | 7,230 |
| Drilling | 71,606 | - | - | - | - | 71,606 |
| Geophysics | 2,705 | - | - | - | - | 2,705 |
| Geological consulting | 3,153 | 7,125 | - | - | - | 10,278 |
| Camp office & accommodation | 992 | 3,633 | - | - | - | 4,625 |
| | 84,203 | 12,241 | - | - | - | 96,444 |
| Balance, January 31, 2020 | 718,261 | 12,241 | - | - | - | 730,502 |
| Total | $ 1,051,470 | $ 114,690 | $ 23,183 | $ 6,500 | $ 1 | $ 1,195,844 |

## 4. Exploration and evaluation assets (cont'd)

a) Kibby Basin, Nevada, USA

On March 29, 2016, the Company entered into a Property Purchase Agreement (the "Agreement") with Zimtu Capital Corp. ("Zimtu") to acquire 100% interest of 16 mineral claims, the Kibby Basin Property, located north of Clayton Valley, Nevada, U.S.A. Terms of the Agreement are:

(i) Pay to Zimtu the sum of $25,000 (paid); and,
(ii) Issue 125,000 common shares to Zimtu (issued).

The property is subject to a 1.5% net smelter returns ("NSR") of which the Company has the right to purchase half of the NSR from Zimtu, at any time, for $1,000,000. As of January 31, 2021, a reclamation bond of $65,454 (January 31, 2020 - $65,454) is held in trust for the Company at the Bureau of Land Management.

b) Pathfinder Property, Greenwood Mining Division, southeastern British Columbia

On March 27, 2019 the Company entered into an acquisition agreement with David Heyman and Clive Brookes (the "Vendors"), to acquire 253.34 hectares of mineral claims which is part of the former Pathfinder Property, located in southern British Columbia, approximately 18 km north of Grand Forks, in the Greenwood Mining Division. Terms of the acquisition agreement include:

- Pay the Vendors $25,000 upon signing (paid); and
- Issue a total of (post-consolidation) 187,500 common shares and 187,500 warrants (to each Vendor 93,750 common shares of the Company and 93,750 transferable warrants) exercisable at a price of $0.80 per share for a period of two years from the approval date, as set out below:

(i) 156,250 common shares and 156,250 warrants (78,125 shares and 78,125 warrants to each vendor) on the approval date (issued); and
(ii) 31,250 shares and 31,250 warrants to the vendors (15,625 shares and 15,625 warrants to each vendor) on the one year anniversary of the Agreement date (issued).

A 1.5% Net Smelter Return Royalty ("NSR") is payable at 0.75% to each Vendor. The Company may acquire one-half of the NSR for $1 million upon commencement of commercial production on the Property.

c) Athelstan Group, Greenwood Mining Division, southeastern British Columbia

On October 29, 2019 the Company entered into an acquisition agreement with David Heyman, Clive Brookes, and Zimtu Capital Corp. (the "Vendors"), to acquire two mineral claims containing 127 hectares of mineral claims known as the Glenora and Bay Horse claims located in southern British Columbia, in the Greenwood Mining Division. Terms of the acquisition agreement include:

- Issue a total of 420,000 units (issued). Each unit is composed of one common share and one transferable warrant exercisable at a price of $0.08 per share until May 14, 2021, subject to an accelerated exercise clause. Should the weighted average trading price of the Company's shares be at or above $0.20 for 10 consecutive trading days, the Company has the right to provide written notice to the Vendors that the expiry date of the warrants will be 30 days from the date of the notice. and
- Issue a total of 420,000 common shares on the one-year anniversary of the agreement date (issued).

## 4. Exploration and evaluation assets (continued)

A 1.5% Net Smelter Return Royalty ("NSR") is payable to the Vendors. The Company may acquire one-half of the NSR for $500,000 within five years upon commencement of commercial production on the Property.

On May 7, 2020 the Company entered into a property acquisition agreement to acquire a 100% interest in the Crown mineral grant claims known as the Athelstan-Jackpot located in the Greenwood Mining Division in southern British Columbia. Terms of the acquisition agreement include:

(i) 200,000 common shares upon Exchange approval (issued)
(ii) 200,000 additional common shares on the one-year anniversary of the Agreement date (issued subsequent).
(iii) $50,000 USD cash payment on the one- year anniversary of the Agreement date. The Company has the option to issue common shares for ½ ($25,000 USD) of the cash payment (paid and issued subsequent).
(iv) A 2% NSR, with Belmont having the right to buy back 1% of the NSR for $500,000 USD.

In November 2020 the Company posted a $14,000 bond with the Government of British Columbia to acquire a Mines Act Permit which is valid until November 26, 2025.

d) Pride of the West and Black Bear Claims

On November 21, 2019 the Company entered into a property acquisition agreement with a director of the Company to acquire a Crown mineral grant claim containing 20 hectares known as the Pride of the West Fraction located in the Greenwood Mining Division in southern British Columbia. Terms of the acquisition agreement include:

- Issue a total of 100,000 common shares upon TSX Venture Exchange approval (issued); and
- Cash payment of $25,000, renegotiated to 500,000 common shares valued at $25,000 (issued).

On November 30, 2019 the Company entered into a property acquisition agreement to acquire a reverted Crown mineral grant claim containing 250 hectares known as the Black Bear located in the Greenwood Mining Division in southern British Columbia. Terms of the acquisition agreement include:

- Issue a total of 100,000 common shares upon TSX Venture Exchange approval (issued); and
- Cash payment of $25,000, renegotiated to issuance of 500,000 common shares (issued).

e) Come by Chance Claims

On May 27, 2020 the Company entered into a property acquisition agreement to acquire 21 mineral claims and 15 reverted claims containing 527 hectares known as the Come by Chance located in the Greenwood Mining Division in southern British Columbia. Terms of the acquisition agreement include:

(i) Cash payment of $7,500 (paid);
(ii) Issue 100,000 common shares upon TSX Venture approval (issued);
(iii) 200,000 additional common shares on the one-year anniversary of the Agreement date (issued subsequent); and
(iv) 200,000 additional common shares on the two-year anniversary of the Agreement date.

(Expressed in Canadian dollars)

## 5. Trade payables and accrued liabilities

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| Trade payables | $ 64,571 | $ 127,870 |
| Accrued liabilities | 23,041 | 35,000 |
| | $ 87,612 | $ 162,870 |

## 6. Flow-through share premium liability

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| Balance, beginning | $ - | $ - |
| Liability incurred on flow-through shares issued | 101,000 | - |
| Settlement of flow-through share liability | (9,987) | |
| | $ 91,013 | $ - |

In December 2020 the Company issued 5,050,000 flow-through units for gross proceeds of $404,000. The units were issued at a premium to the market price in recognition of the tax benefits accruing to subscriber. The Company recognized a flow-though premium liability of $101,000.

The premium liability is derecognized through income as the qualifying expenditures are incurred. During the year ended January 31, 2021, the Company satisfied $9,987 of the commitment by incurring qualifying expenditures of $39,950.

The Company is committed to incur a further $364,050 of qualifying expenditures by December 31, 2021.

## 7. Share capital

### *Authorized share capital*

Unlimited number of common shares without par value.

On June 6, 2019 the Company consolidated its capital on an 8 old shares for 1 new share basis. All share figures, number of options and warrants have been presented on a post consolidation basis.

### *Share Issuances*

On January 6, 2021 the Company issued 1,250,000 units at $0.07 per unit for proceeds of $87,500. Each unit comprises one common share and one warrant expiring January 6, 2023. Each warrant entitles the holder to acquire one additional common share at a price of $0.10 per share. The warrant term may be accelerated in the event that the issuer's shares trade at or above a price of $0.15 per share for a period of 10 consecutive days.

On December 23, 2020 the Company issued 5,050,000 flow-through units at $0.08 per unit for gross proceeds of $404,000. Each unit comprises one flow-through common share and one warrant expiring December 23, 2022. Each warrant entitles the holder to acquire one additional common share at a price of $0.12 per share. The Company paid a finder's fee of $30,784 cash and 384,800 brokers' warrants. Each brokers' warrant entitles the holder to acquire one additional share at a price of $0.12 until December 23, 2022. The brokers' warrants were valued at $13,360 using the Black-Scholes option pricing model with a volatility of 153.41%, expected life of 1 year, discount rate of 0.20%, and a dividend rate of 0%. The warrant term may be accelerated in the event that the issuer's shares trade at or above a price of $0.15 per share for a period of 10 consecutive days.

## 7. Share capital (continued)

### *Share Issuances (continued)*

The flow-through units were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $101,000 (Note 6).

On October 29, 2020 the Company issued 420,000 common shares with a fair value of $23,100 in connection with a property acquisition agreement (Note 4).

On October 14, 2020 the Company issued 1,000,000 units at $0.12 in connection with a private placement. This private placement was cancelled and the shares returned to treasury on November 6, 2020. The Company incurred $1,200 in legal fees in connection with the issuance.

On September 29, 2020 the Company issued 875,000 common shares pursuant to the exercise of warrants at $0.05 for proceeds of $43,750.

On August 27, 2020 the Company issued 9,175,000 units at $0.075 per unit for gross proceeds of $688,125. Each unit comprises one common share and one transferable share purchase warrant expiring August 27, 2023. Each warrant entitles the holder to acquire one additional common share at a price of $0.10 per share. The Company paid a finder's fee of $26,850 cash, $10,500 in legal fees, and 358,000 brokers' warrants. Each brokers' warrant entitles the holder to acquire one additional share at a price of $0.10 until August 28, 2023. The brokers' warrants were valued at $21,469 using the Black-Scholes option pricing model with a volatility of 139.96%, expected life of 3 years, discount rate of 0.30%, and a dividend rate of 0%.

On August 13, 2020 the Company issued 500,000 common shares with a fair value of $40,000 in connection with a property acquisition agreement (Note 4).

On July 6, 2020 the Company issued 500,000 units at $0.05 per unit for gross proceeds of $25,000. Each unit comprises one common share and one transferable share purchase warrant expiring July 6, 2021. Each warrant entitles the holder to acquire one additional common share at a price of $0.08 per share. The warrant term may be accelerated in the event that the issuer's shares trade at or above a price of $0.15 per share for a period of 10 consecutive days.

On June 22, 2020 the Company issued 500,000 common shares with a fair value of $25,000 in connection with a property acquisition agreement (Note 4).

On June 5, 2020 the Company issued 100,000 common shares with a fair value of $5,000 in connection with a property acquisition agreement (Note 4).

On May 14, 2020 the Company issued 200,000 common shares with a fair value of $10,000 in connection with a property acquisition agreement (Note 4).

On May 7, 2020 the Company issued 2,200,000 units at $0.03 per unit for gross proceeds of $66,000. Each unit comprises one common share and one transferable share purchase warrant expiring May 7, 2022. Each warrant entitles the holder to acquire one additional common share at a price of $0.05 per share. The Company paid a finder's fee of $1,680 cash and 136,000 brokers' warrants. Each brokers' warrant entitles the holder to acquire one additional share at a price of $0.05 until May 7, 2022. The brokers' warrants were valued at $3,936 using the Black-Scholes option pricing model with a volatility of 134.99%, expected life of 2 years, discount rate of 0.32%, and a dividend rate of 0%.

On April 29, 2020 the Company issued 4,455,500 units at $0.03 per unit for gross proceeds of $133,665. Each unit comprises one common share and one transferable share purchase warrant expiring April 29, 2021. Each warrant entitles the holder to acquire one additional common share at a price of $0.05 per share. The Company paid legal fees of $3,600 and finder's fee of 180,000 brokers' warrants.

## 7. Share capital (continued)

### *Share Issuances (continued)*

Each brokers' warrant entitles the holder to acquire one additional share at a price of $0.05 until April 29, 2022. The brokers' warrants were valued at $2,450 using the Black-Scholes option pricing model with a volatility of 126.71%, expected life of 2 years, discount rate of 0.32%, and a dividend rate of 0%.

On April 6, 2020 the Company issued 31,250 units valued at $1,406 to acquire an exploration asset. Each unit comprises one common share and one transferable share purchase warrant expiring April 6, 2021. Each warrant entitles the holder to acquire one additional common share at a price of $0.80 per share. The warrants were valued at $38 using the Black-Scholes option pricing model with a volatility of 133.93%, expected life of 1 year, discount rate of 0.32% and a dividend rate of 0%.

On February 11, 2020 the Company issued 60,000 common shares with a fair value of $2,100 as bonus shares in consideration of a promissory note issued.

During the year ended January 31, 2020, the Company issued a total of 100,000 common shares pursuant to the exercise of stock options at $0.40 per share for proceeds of $40,000. The fair value of $25,715 was transferred from stock-based reserve to share capital. The weighted average trading price on the date of exercise was $0.04 (post consolidation).

On January 17, 2020 the Company issued 100,000 common shares with a fair value of $4,000 as bonus shares in consideration of promissory notes issued.

On December 20, 2019, the Company issued 100,000 common shares with a fair value of $3,000 in connection with a property acquisition agreement.

On December 3, 2019, the Company issued 100,000 common shares with a fair value of $3,500 in connection with a property acquisition agreement.

On November 14, 2019, the Company issued 420,000 units in connection with a property acquisition agreement. Each unit comprises one common share and one share purchase warrant exercisable at a price of $0.08 per share until May 14, 2021. The warrants were fair valued at $6,383, recognized as an expense, using the Black-Scholes option pricing model with a volatility of 119.64%, expected life of 1.5 years, discount rate of 1.60% and a dividend rate of 0%.

On August 26, 2019 the Company issued 166,666 common shares with a fair value of $9,166 as bonus shares in consideration of promissory notes issued.

On June 28, 2019 the Company issued 4,200,000 units at $0.06 per unit for gross proceeds of $252,000. Each unit comprises one common share and one transferable share purchase warrant expiring June 28, 2021. Each warrant entitles the holder to acquire one additional common share at a price of $0.08 per share.

The Company paid a finder's fee of $10,800 in cash, $16,500 in legal expense and issued 180,000 brokers' warrants. Each brokers' warrant entitles the holder to acquire one additional share at a price of $0.08 until June 28, 2021. The brokers' warrants were valued at $7,891 using the Black-Scholes option pricing model with a volatility of 116.95%, expected life of 2 years, discount rate of 1.46%, and a dividend rate of 0%.

On April 8, 2019 the Company issued 156,250 units valued at $56,250 to acquire an exploration asset. Each unit comprises one common share and one transferable share purchase warrant expiring April 8, 2021. Each warrant entitles the holder to acquire one additional common share at a price of $0.80 per share. The warrants were valued at $19,773 using the Black-Scholes option pricing model with a volatility of 102.54%, expected life of 2 years, discount rate of 1.51% and a dividend rate of 0%.

(Expressed in Canadian dollars)

## 7. Share capital (continued)

### *Share Issuances (continued)*

On February 14, 2019 the Company issued 187,500 units at $0.36 per unit for gross proceeds of $67,500. Each unit comprises one common share and one transferable share purchase warrant expiring February 14, 2020. Each warrant entitles the holder to acquire one additional common share at a price of $0.40 per share.

### *Stock Options*

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position. The options vest at the discretion of the Board of Directors.

The changes in stock options are as follows:

| | Number of options | Weighted average exercise price |
|---|---|---|
| Balance, January 31, 2019 | 603,125 | $ 0.48 |
| Granted | 1,150,000 | 0.14 |
| Expired | (275,000) | 0.40 |
| Exercised | (100,000) | 0.40 |
| Balance, January 31, 2020 | 1,378,125 | $ 0.275 |
| Granted | 2,670,000 | 0.06 |
| Expired | (150,000) | 0.17 |
| Balance, January 31, 2021 | 3,898,125 | $ 0.12 |
| Exercisable, January 31, 2021 | 3,898,125 | $ 0.12 |

(Expressed in Canadian dollars)

## 7. Share capital (continued)

***Stock Options (cont'd)***

As at January 31, 2021, stock options were outstanding as follows:

| Number of Options | Exercise Price | Expiry Date | Weighted Average Remaining Life (Years) |
|---|---|---|---|
| 100,000* | $0.48 | March 9, 2021 | 0.10 |
| 12,500* | $0.40 | May 17, 2021 | 0.29 |
| 240,625 | $0.48 | July 9, 2021 | 0.44 |
| 25,000 | $0.40 | September 11, 2021 | 0.61 |
| 250,000 | $0.40 | February 22, 2022 | 1.06 |
| 550,000 | $0.06 | August 22, 2022 | 1.56 |
| 50,000 | $0.06 | October 17, 2022 | 1.71 |
| 200,000 | $0.05 | February 24, 2023 | 2.07 |
| 1,595,000 | $0.06 | August 28, 2025 | 4.57 |
| 875,000 | $0.07 | January 29, 2026 | 5.00 |
| 3,898,125 | | | |

*expired subsequent to year ended January 31, 2021

During the year ended January 31, 2021, stock-based payments recognized on stock options vested were $171,615 (2020 - $97,184). The fair value of the stock options granted was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| Expected life | 4.85 years | 2.75 years |
| Annualized volatility | 134.13% | 106.16% |
| Risk-free interest rate | 0.40% | 1.78% |
| Dividend rate | 0% | 0% |

***Warrants***

Changes in warrants are as follows:

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| Balance, January 31, 2019 | 4,612,036 | $ 0.64 |
| Issued | 5,143,750 | 0.11 |
| Expired | (1,615,250) | 0.51 |
| Balance, January 31, 2020 | 8,140,536 | $ 0.91 |
| Issued | 23,644,550 | 0.09 |
| Exercised | (875,000) | 0.05 |
| Cancelled | (1,276,786) | 1.58 |
| Expired/terminated | (1,907,500) | 0.62 |
| Balance, January 31, 2021 | 27,725,800 | $ 0.09 |

(Expressed in Canadian dollars)

## 7. Share capital (continued)

***Warrants (cont'd)***

The warrants outstanding at January 31, 2021 are as follows:

| Number outstanding | Weighted average exercise price | Weighted average remaining life (years) | Expiry date |
|---|---|---|---|
| 31,250* | $ 0.80 | 0.18 | April 6, 2021 |
| 156,250* | $ 0.80 | 0.18 | April 8, 2021 |
| 420,000* | $ 0.08 | 0.28 | May 14, 2021 |
| 4,380,000 | $ 0.08 | 0.66 | June 28, 2021 |
| 500,000 | $ 0.08 | 0.43 | July 6, 2021 |
| 3,684,500 | $ 0.05 | 1.24 | April 29, 2022 |
| 2,336,000 | $ 0.05 | 1.26 | May 7, 2022 |
| 5,434,800 | $ 0.12 | 1.89 | December 23, 2022 |
| 1,250,000 | $ 0.10 | 1.93 | January 6, 2023 |
| 9,533,000 | $ 0.10 | 2.57 | August 27, 2023 |
| 27,725,800 | $ 0.09 | 1.69 | |

*expired subsequent.

## 8. Related party transactions

***Related party balances***

The following balances are due from related parties:

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| Companies with directors and officers in common | $ 114,155 | $ 116,310 |

During the year ended January 31, 2021, the Company recorded a bad debt expense of $11,386 (2020 - $81,486) in connection of impairment of the balance due from the companies with common directors and officers.

During the year ended January 31, 2021 the Company has recovered $6,494 (2020 - $42,499) of the prior year's bad debt.

The following amounts are due to related parties:

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| Company with directors and officers in common | $ 83,312 | $ 1,313 |
| Directors | 80,000 | 236,189 |
| | $ 163,312 | $ 237,502 |

Amounts due to and from related parties are unsecured, non-interest bearing and with no specific terms of repayment.

(Expressed in Canadian dollars)

## 8. Related party transactions (continued)

***Related party balances (continued)***

The Company recovered the following amounts from companies with common directors.

| | Years ended January 31, | |
|---|---|---|
| | **2021** | **2020** |
| Rent recoveries | $ 14,054 | $ 56,400 |
| Administration services recoveries | 6,840 | 13,680 |
| | $ 20,894 | $ 70,080 |

***Key management personnel compensation***

| | Years ended January 31, | |
|---|---|---|
| | **2021** | **2020** |
| Management fees | $ 110,000 | $ 110,000 |
| Salaries and benefits | 60,000 | 60,000 |
| Stock-based payments | 138,012 | 53,107 |
| | $ 308,012 | $ 223,107 |

On February 1, 2018 the Company entered into a Management Services Agreement with Geomorph Consulting, a company owned by the former Chief Executive Officer, for a monthly fee of $5,000 for a term of two years. On November 15, 2019 the Agreement was terminated by the Company and termination pay of $50,000 is payable.

On November 15, 2019 the Company entered into a Management Services Agreement with Cankor Capital Inc, a company owned by the Company's new Chief Executive Officer for a term of six months. The monthly fee will be $5,000 for the first three months and $7,500 thereafter. On June 15, 2020 the Company entered into a Management Consulting Agreement with Cankor Capital Inc. for an indefinite period with compensation of $10,000 monthly.

During the year the Company has paid $6,000 (2020 - $nil) to a director of the Company for geological consulting services.

## 9. Financial instruments, risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and related party receivable. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is high credit quality financial institutions as determined by rating agencies.

The Company has concentrations of credit risk with respect to related party receivable as large amounts of its accounts receivable are concentrated amongst a small number of related parties. The Company performs valuation of the receivables but generally does not require collateral to support accounts receivable. Accounts receivable are shown net of any provision made for impairment of the receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in related party receivable.

## 9. Financial instruments, risk and capital management (cont'd)

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to exchange risk as a mineral property interest is located in the United States and transactions are conducted in the US dollar.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk by careful management of its working capital. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There is no assurance of continued access to significant equity funding. As discussed in Note 1: Going Concern, the Company requires additional funding to continue with its ongoing operations and exploration commitments.

***Capital Management***

The Company includes cash and equity in the definition of capital. Equity is comprised of issued common shares, reserves, and deficit.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. There were no changes in the Company's approach to capital management during the year.

***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.

Marketable securities are based on level 1 inputs.

## 10. Promissory notes

In August 2019 the Company arranged loans totaling $50,000 which are due on demand any time after August 15, 2020. The loans bear interest at 1.5% per month. In consideration for the loan, the Company issued 166,666 bonus shares valued at $9,166 on August 26, 2019. The Company repaid the loan amount and interest of $9,307 during the year.

(Expressed in Canadian dollars)

## 10. Promissory notes (cont'd)

On September 10, 2019 the Company arranged a loan of $15,000 which is due on demand any time after September 10, 2020. The loan bears interest at 1.5% per month. In consideration for the loan, the Company issued 60,000 bonus shares valued at $2,100 on February 11, 2020. The Company repaid the loan amount and interest of $1,723 during the year.

On November 14, 2019 the Company arranged a loan of $3,000. The loan is non-interest bearing and repayable upon demand and was repaid during the year.

On December 17, 2019 the Company arranged a loan of $25,000 which are due on demand any time after December 18, 2020. The loan bears interest at 1.5% per month. In consideration for the loan, the Company issued 100,000 bonus shares valued at $4,000 on January 17, 2020. The Company repaid the loan amount and interest of $3,181 during the year.

| | Years ended January 31, | |
|---|---|---|
| | **2021** | **2020** |
| Balance, beginning | $ 91,405 | $ - |
| Promissory notes | - | 93,000 |
| Interest expense | 17,906 | 11,571 |
| Fair value of common shares issued | (2,100) | (13,166) |
| Repayment | (107,211) | - |
| Balance, ending | $ - | $ 91,405 |

## 11. Government Grant

Canadian Emergency Commercial Rent Assistance (CECRA)

The Government of Canada introduced the Canadian Emergency Commercial Rent Assistance ("CECRA") program in May 2020 which provides relief for eligible small business experiencing financial hardship due to COVID-19. Under the CECRA program, the Company must abate 75% of gross rents due for April to September for CECRA eligible tenants. In exchange of the abatements granted, the Company is eligible for forgivable interest free loans from the Government of Canada amounting to 50% of gross rents abated during the eligible timeframe, for a net rebatement of 25%.The Company believes it has met all the criteria under the CECRA program for the loans to be forgiven. During the year ended January 31, 2021, the Company has recorded $35,417 (2020 - $Nil) in government assistance receivable through the CECRA program from the federal government

## 12. Non-cash transactions

The Company incurred the following non-cash transactions that are not reflected in the statement of cash flows:

| | Years ended January 31, | |
|---|---|---|
| | **2021** | **2020** |
| Fair value of brokers' warrants issued | $ 41,215 | $ 7,891 |
| Fair value of bonus shares issued in connection with the issuance of promissory notes | $ 2,100 | $ 13,166 |
| Fair value of shares issued on acquisition of exploration and evaluation assets | $ 103,100 | $ 6,500 |
| Fair value of units issued on acquisition of exploration and evaluation assets | $ 1,444 | $ 99,165 |

(Expressed in Canadian dollars)

## 13. Income taxes

A reconciliation of the effective income tax rate to the statutory federal and provincial rate is as follows:

| | Years ended January 31, | |
|---|---|---|
| | **2021** | **2020** |
| Net loss for the year before income taxes | $(611,402) | $(664,507) |
| Statutory corporate tax rate | 27% | 27% |
| Expected tax recovery at statutory rates | (187,252) | (204,162) |
| Non-deductible items | 46,497 | 26,618 |
| Impact of flow through shares | (11,000) | - |
| Share issuance costs | 8,566 | 4,338 |
| Change in prior year versus statutory return, and other | 103,138 | 112,041 |
| Change in unrecognized deferred income tax assets | 40,051 | 61,165 |
| Income tax recovery | $ - | $ - |

The Company's tax-effected deferred tax assets are estimated as follows:

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| Net capital losses | $ 1,382,964 | $ 1,382,964 |
| Non-capital losses | 1,630,535 | 1,501,646 |
| Resource deduction pools available and other | 598,265 | 720,446 |
| Marketable securities | 1,334 | 1,412 |
| Share issuance costs | 73,775 | 42,050 |
| Equipment | 12,671 | 10,975 |
| Deferred tax assets | 3,699,544 | 3,659,493 |
| Unrecognized deferred tax assets | (3,699,544) | (3,659,493) |
| | $ - | $ - |

The Company has available non-capital losses of approximately $6,039,000 that expire between 2027 and 2040, and may be carried forward and applied against income for tax purposes.

## 14. Subsequent events

Subsequent to the year end, the Company issued a total of 875,000 common shares pursuant to the exercise of stock options at prices between $0.06 and $0.07 for total proceeds of $56,250.

Subsequent to the year end, the Company issued a total of 350,000 common shares pursuant to the exercise of warrants at $0.08 for proceeds of $28,000.

On February 10, 2021 the Company issued 1,672,000 units at $0.07 per unit for proceeds of $117,040. Each unit comprises one common share and one transferable share purchase warrant expiring February 10, 2023. Each warrant entitles the holder to acquire one additional common share at a price of $0.10 per share. The warrant term may be accelerated in the event that the issuer's shares trade at or above a price of $0.15 per share for a period of 10 consecutive days.

On March 9, 2021 a total of 100,000 options exercisable at $0.48 expired unexercised.

On April 6, 2021 a total of 31,250 warrants exercisable at $0.80 expired unexercised.

## 14. Subsequent events (cont'd)

On April 8, 2021 a total of 156,250 warrants exercisable at $0.80 expired unexercised.

On April 27, 2021 the Company issued 419,167 common shares pursuant to a property acquisition.

On May 7, 2021 the Company issued 200,000 common shares pursuant to a property acquisition.

On May 14, 2021 a total of 420,000 warrants exercisable at $0.08 expired unexercised.

On May 17, 2021 a total of 12,500 options exercisable at $0.40 expired unexercised.

On May 27, 2021 the Company issued 200,000 common shares pursuant to a property acquisition.