



STRIKEPOINT GOLD INC.

Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
StrikePoint Gold Inc.

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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



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

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

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

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

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

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

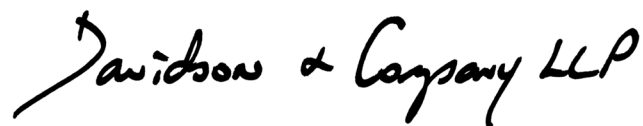
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 30, 2021

STRIKEPOINT GOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31,
(Expressed in Canadian dollars)

	2020	2019
ASSETS		
Current		
Cash and equivalents	\$ 6,204,877	\$ 432,110
Receivables	98,622	103,587
Prepaid expenses and deposits	25,135	42,396
	6,328,634	578,093
Reclamation bond	49,000	49,000
	\$ 6,377,634	\$ 627,093
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 174,869	\$ 103,156
Flow-through share premium liability (Note 7(b))	571,429	-
	746,298	103,156
Shareholders' equity		
Share capital (Note 7)	45,147,022	37,290,702
Reserves (Note 7)	9,009,739	8,073,704
Deficit	(48,525,425)	(44,840,469)
	5,631,336	523,937
	\$ 6,377,634	\$ 627,093

Nature of operations and going concern (Note 1)

Commitments (Note 5)

Subsequent events (Note 12)

On behalf of the Board:

"Shawn KhunKhun" Director
Shawn KhunKhun

"Ian Harris" Director
Ian Harris

See accompanying notes to these consolidated financial statements

STRIKEPOINT GOLD INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEAR ENDED DECEMBER 31
(Expressed in Canadian dollars)

	2020	2019
EXPENSES		
Amortization (Note 4)	\$ -	\$ 1,157
Consulting (Note 8)	271,532	173,000
Exploration costs (Note 5)	1,473,838	1,929,006
Management fees (Note 8)	190,000	180,000
Office	46,991	52,701
Part XII.6 tax	3,603	40,413
Professional fees (Note 8)	171,440	126,357
Property acquisition payments (Notes 5)	790,000	1,026,000
Rent	18,200	28,233
Shareholder communication	394,322	283,240
Share-based payments (Note 7)	1,052,800	471,600
Transfer agent and filing fees	68,855	38,503
Travel and related costs	5,564	37,336
Loss from operations	(4,487,145)	(4,387,546)
Flow-through share premium reversal	-	425,375
Gain on sale of exploration properties (Note 5)	710,000	-
Interest income	4,141	968
Realized gain on sale of investments (Note 3)	88,048	-
	802,189	426,343
Loss and comprehensive loss for the year	\$ (3,684,956)	\$ (3,961,203)
Loss per common share (basic and diluted)	\$ (0.03)	\$ (0.04)
Weighted average number of common shares outstanding (basic and diluted)	144,399,862	94,272,347

See accompanying notes to these consolidated financial statements.

STRIKEPOINT GOLD INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31,
(Expressed in Canadian dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (3,684,956)	\$ (3,961,203)
Items not affecting cash:		
Acquisition payment by issuance of common shares	750,000	420,000
Amortization	-	1,157
Flow through share premium	-	(425,375)
Gain on sale of exploration properties	(710,000)	-
Realized gain on investments	(88,048)	-
Share-based payments	1,052,800	471,600
Change in non-cash working capital items:		
Decrease (increase) in receivables	4,965	(54,369)
Decrease (increase) in prepaid expenses and deposits	17,261	(27,267)
Increase (decrease) in accounts payable and accrued liabilities	<u>71,713</u>	<u>(171,901)</u>
Net cash used in operating activities	<u>(2,586,265)</u>	<u>(3,747,358)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of reclamation bond	-	(39,000)
Proceeds from sale of exploration assets	50,000	
Proceeds from sale of marketable securities	<u>748,048</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>798,048</u>	<u>(39,000)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Issuance of shares, net of issuance costs	<u>7,560,984</u>	<u>3,684,765</u>
Net cash provided by financing activity	<u>7,560,984</u>	<u>3,684,765</u>
Change in cash and equivalents during the year	5,772,767	(101,593)
Cash and equivalents, beginning of year	<u>432,110</u>	<u>533,703</u>
Cash and equivalents, end of year	<u>\$ 6,204,877</u>	<u>\$ 432,110</u>
Cash and equivalents consists of:		
Cash	\$ 5,124,362	\$ 332,110
Guaranteed Investment Certificates	<u>1,100,000</u>	<u>100,000</u>
	<u>\$ 6,224,362</u>	<u>\$ 432,110</u>

Non-cash transactions during fiscal 2020 consisted of issuing finders' warrants valued at \$124,461 (Note 7). There were no significant non-cash transactions during fiscal 2019.

See accompanying notes to these consolidated financial statements.

STRIKEPOINT GOLD INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share Capital		Special Warrants	Reserves	Deficit	Total
	Number	Amount				
Balance at December 31, 2018	74,085,392	\$ 33,305,112	\$ 384,000	\$ 7,524,304	\$ (40,879,266)	\$ 334,150
Shares issued for private placement, net	31,073,044	3,606,965	-	77,800	-	3,684,765
Flow-through share premium	-	(425,375)	-	-	-	(425,375)
Shares issued for property acquisition	3,000,000	420,000	-	-	-	420,000
Shares issued for special warrant conversion*	2,400,000	384,000	(384,000)	-	-	-
Share-based payments	-	-	-	471,600	-	471,600
Loss for the year	-	-	-	-	(3,961,203)	(3,961,203)
Balance at December 31, 2019	110,558,436	37,290,702	-	8,073,704	(44,840,469)	523,937
Shares issued for private placement, net	54,410,450	6,891,723	-	124,461	-	7,016,184
Finder's shares issued (Note 7(b))	1,380,000	117,300	-	-	-	117,300
Flow-through premium liability (Note 7(b))	-	(571,429)	-	-	-	(571,429)
Shares issued for property acquisition (Note 5(B))	15,000,000	750,000	-	-	-	750,000
Shares issued for the exercise of options (Note 7(b))	4,250,000	588,726	-	(241,226)	-	347,500
Shares issued for the exercise of warrants (Note 7(b))	400,000	80,000	-	-	-	80,000
Share-based payments	-	-	-	1,052,800	-	1,052,800
Loss for the year	-	-	-	-	(3,684,956)	(3,684,956)
Balance at December 31, 2020	185,998,886	\$ 45,147,022	\$ -	\$ 9,009,739	\$ (48,525,425)	\$ 5,631,336

* **Note:** Each special warrant was convertible into one common share of the Company at any time without additional consideration for a five-year period (Note 7).

See accompanying notes to these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

StrikePoint Gold Inc. (the “Company” or “Strikepoint”) is incorporated under the laws of the Province of Alberta and is listed on the TSX Venture Exchange under the symbol “SKP”. The Company is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves.

The Company’s head office and principle address is 300 - 1055 West Hastings Street, Vancouver, BC, V6E 2E9. The registered and records office is located at 777 Hornby Street, Suite 2080, Vancouver, BC, V6Z 1S4.

These consolidated financial statements have been prepared by management on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its exploration projects by issuance of share capital or through joint ventures, and/or to realize future profitable production or proceeds from the disposition of a property. As at December 31, 2020, the Company has an accumulated deficit of \$48,525,425 and has working capital of \$6,153,765 (excluding flow-through share premium liability of \$571,429). However, additional financing will be required to carry out exploration and development of its properties. The Company’s current forecast indicates that it will have sufficient cash for at least the next year to continue as a going concern.

.In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments may adversely affect workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These consolidated financial statements were authorized for issue on April 30, 2021 by the directors of the Company.

Principles of consolidation

These consolidated financial statements include the accounts of its wholly-owned subsidiaries Braveheart Gold Inc. and Mount Rainey Silver Inc. All intercompany accounts and transactions have been eliminated on consolidation.

Basis of preparation

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Basis of preparation (cont'd)

During January 2020, the Company acquired 100% of the shares of Mount Rainey from Skeena Resources Ltd. ("Skeena"), in conjunction with the acquisition of the Porter Idaho Property. Mount Rainey is the holder of the Porter Idaho Property and, as per the terms of the mineral property acquisition agreement, the Company acquired Mount Rainey and title to the Porter Idaho property by making the final payment of \$750,000 to Skeena by way of the issuance of 15,000,000 common shares of the Company to Skeena. All accounts of Mount Rainey have been consolidated into these financial statements from the date of acquisition (Note 5(b)).

Critical accounting estimates, judgments and assumptions

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

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

- i) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and stock-based share issuance costs included in equity. The share-based payments expense and stock-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.
- ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined to be the Canadian dollar for the Company and its subsidiaries. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a currency other than the Canadian dollar are translated at the exchange rate at the reporting date, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss in the year in which they arise.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, payments made and/or received under option and joint venture agreements and costs associated with exploration and evaluation activity.

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the consolidated statements of loss and comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Exploration and evaluation expenditures (cont'd)

Exploration and evaluation expenditures related to the determination of a property or project's feasibility and exploration expenditures and payments pursuant to option and joint venture agreements made and/or received prior to the determination of the technical feasibility and commercial feasibility of a mineral property are expensed in the consolidated statements of loss and comprehensive loss as incurred.

Proceeds from the sale of mineral licenses and related net smelter returns prior to the determination of the feasibility of the mineral property are recognized in the consolidated statements of loss and comprehensive loss when sold.

Exploration and evaluation expenditures including payments pursuant to option and joint venture agreements made after a mineral property has been deemed commercially feasible are capitalized as development assets.

To date the Company's mineral properties have not advanced past the exploration stage and, accordingly, no amounts have been capitalized in respect of exploration and evaluation expenditures.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When the options are exercised, the applicable amounts of option reserves are transferred to share capital.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the year. For all years presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the years presented, this calculation proved to be anti-dilutive.

Flow-through shares

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. As of December 31, 2020, the Company had \$1,100,000 (2019 - \$100,000) in cash equivalents.

Share issue costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are charged to operations.

Valuation of warrants

Proceeds from unit placements are allocated between shares and warrants using the residual value method whereby the shares are recorded at fair value and any residual is allocated to the warrant. The value of warrants issued to brokers is determined using the Black-Scholes model.

Financial instruments

Financial assets and liabilities are initially recognized at fair value on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Subsequently, financial assets and liabilities are recognized based on the classification of these financial assets. The Company has classified financial assets into one of the following categories: (1) financial assets at fair value through profit or loss ("FVTPL"), (2) financial assets at fair value through other comprehensive income ("FVTOCI"), (3) financial assets at amortized cost. Financial liabilities are classified as either (1) financial liabilities at FVTPL or (2) financial liabilities at amortized cost. The Company maintained its accounting policy for investments (Note 3) as FVTPL.

Cash and cash equivalents and investments are classified as FVTPL and receivables are classified at amortized cost and accounts payable and accrued liabilities are classified at amortized cost. Accounts receivable, where applicable, are net of a provision for expected credit losses.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For receivables, the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Due to the nature of its receivables and that expected credit loss is nominal, no provision for credit loss was recognized by the Company.

Impairment of non-current assets

The carrying amount of the Company's non-current assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statements of loss and comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Impairment of non-current assets (cont'd)

The recoverable amount of assets is the greater of an asset's fair value less cost 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. A reversal of an impairment loss is recognized immediately in the statements of loss and comprehensive loss.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

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.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the statement of financial position liability method on temporary differences at the reporting date 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.

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 tax liabilities, the income taxes relate to the same taxable entity and the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Equipment

Equipment is comprised of office and computer equipment which are carried at cost and amortized on a declining balance basis over the estimated service lives of the assets at rates ranging from 20% to 30%. Amortization methods, useful lives and residual values are reviewed at each reporting date.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets, when those obligations result from the acquisition, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration 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 restoration asset will be depreciated on the same basis as other mining assets.

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

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

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

The Company does not have any significant restoration or environmental obligations as at December 31, 2020 and 2019.

New and future accounting standards

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates have now been assessed by the Company and are not expected to have any impact on the Company's consolidated financial statements. The Company has not early adopted these standards.

STRIKEPOINT GOLD INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2020

3. MARKETABLE SECURITIES

- (a) During the year ended December 31, 2020, the Company received 3,000,000 common shares of American Creek Resources (“AMC”), a Canadian public company, with a fair value of \$210,000, as consideration for the sale of the Glacier Creek property (Note 5(C)).

During the year ended December 31, 2020, the Company sold 3,000,000 AMC shares for net proceeds of \$406,334 and, as a result, recorded a realized gain on marketable securities of \$196,334 (Year ended December 31, 2019: \$nil).

- (b) During the year ended December 31, 2020, the Company received 2,000,000 common shares of Sitka Gold Corp. (“Sitka”), a public company, with a fair value of \$450,000, as consideration for the sale of the Mahtin property (Note 5(C)).

During the year ended December 31, 2020, the Company sold 2,000,000 Sitka shares for net proceeds of \$341,714 and, as a result, recorded a realized loss on marketable securities of \$108,286 (Year ended December 31, 2019: \$nil).

4. EQUIPMENT

	Furniture & equipment
Cost	
Balance, December 31, 2018, 2019 and 2020	\$ 79,984
Accumulated amortization	
Balance, December 31, 2018	\$ 78,827
Amortization	1,157
Balance, December 31, 2019 and 2020	\$ 79,984
Carrying amounts	
As at December 31, 2019	\$ -
As at December 31, 2020	\$ -

STRIKEPOINT GOLD INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2020

5. EXPLORATION AND EVALUATION ASSETS

Exploration Costs	Willoughby Property (A)	Porter Idaho Property (Note (B)	Yukon Properties (C)	Other Properties (D, E, F, G)	Total – Year ended December 31, 2020
Drilling and assaying costs	\$ 498,334	\$ -	\$ -	\$ -	\$ 498,334
Field costs	90,019	-	-	-	90,019
Geological consulting	565,775	3,013	-	-	568,788
Helicopter and fuel	382,733	-	-	-	382,733
Taxes (recovered)	(66,036)	-	-	-	(66,036)
Total	\$ 1,470,825	\$ 3,013	\$ -	\$ -	\$ 1,473,838

Exploration Costs	Willoughby Property (A)	Porter Idaho Property (B)	Yukon Properties (C)	Other Properties (D, E, F, G)	Total – Year ended December 31, 2019
Drilling and assaying costs	\$ 475,545	\$ 8,238	\$ 1,168	\$ -	\$ 484,951
Field costs	368,009	143,358	-	-	511,367
Geological consulting	415,923	77,498	-	-	493,421
Helicopter and fuel	429,342	9,924	-	-	439,266
Total	\$ 1,688,819	\$ 239,018	\$ 1,168	\$ -	\$ 1,929,006

A) WILLOUGHBY PROPERTY

During April 2019, the Company acquired a 100% interest in the Willoughby property, located in northwestern British Columbia, from ArcWest Exploration Inc. (“ArcWest”) (formerly Sojourn Exploration Inc.), a Canadian public company, for a cash payments of \$10,000 (paid) and \$75,000 (paid) and the issuance of 3,000,000 common shares (issued and valued at \$420,000). During March 2019, the Company incurred a reclamation bond payment in the amount of \$39,000. During fiscal 2020, additional consideration of \$40,000 was paid in conjunction with the property purchase agreement.

ArcWest will retain a 1.5% net smelter return, which can be reduced by 0.50% for an additional \$1,000,000 cash payment.

B) PORTER IDAHO PROPERTY

On August 15, 2018 (and amended February 11, 2019), the Company completed an acquisition agreement regarding the Porter Idaho property, near Stewart, British Columbia, with Skeena Resources Limited (TSXV: SKE) (“Skeena”) (the “Porter Idaho Transaction”), whereby the Company purchased the property indirectly through the acquisition of all of the shares of Mount Rainey Silver Inc., a wholly-owned subsidiary of Skeena. The terms of the Porter Idaho Transaction are as follows:

- \$1,521,000 payable in cash to Skeena (\$250,000 was paid on completion of the Porter Idaho Transaction and \$521,000 was paid during the year ended December 31, 2019), with the final \$750,000 to be paid by December 31, 2019 in cash or in the equivalent value of common shares or special warrants of the Company, at the Company’s election. In January 2020, the Company made the final payment to Skeena by issuing 15,000,000 common shares (Note 7(b));
- issuance to Skeena of 7,100,000 Strikepoint common shares (issued August 15, 2018 – valued at \$1,136,000);

5. EXPLORATION AND EVALUATION PROPERTIES (cont'd)

B) PORTER IDAHO PROPERTY (cont'd)

- issuance to Skeena of 2,400,000 special warrants of Strikepoint (issued August 15, 2018 – valued at \$384,000). These special warrants (converted on July 30, 2019) had a five-year term. Each special warrant was convertible into common shares of the Company for no additional consideration at the time of conversion.
- grant of 1% NSR on the property with the option to buy back 0.5% at a price of \$750,000.

The acquisition of Mount Rainey Silver Inc. is accounted for as an asset acquisition and closed on January 22, 2020 (Note 2).

C) YUKON PROPERTIES

On March 28, 2017, the Company signed a definitive agreement with IDM Mining Ltd. (“IDM”), now a wholly-owned subsidiary of Ascot Resources Ltd. (a Canadian public company), to purchase a 100% interest in a portfolio of claims and properties located in the Yukon, Canada. The terms of the agreement are as follows:

- pay \$150,000 in cash (paid);
- issue 10,500,000 common shares of the Company with a value of \$4,042,500 (issued); and
- incur \$1,500,000 in exploration expenditures by December 31, 2017 (incurred).

During the year ended December 31, 2020, the Company sold the Mahtin property to Sitka Gold Corp. in exchange for the issuance of 2 million shares to Strikepoint (received). The Company has retained a 1% NRS, which can be purchased for a cash payment of \$1 million. The Company recorded an accounting gain of \$450,000 on the sale of the Mahtin property.

Also during the year ended December 31, 2020, the Company sold the Glacier Creek property to American Creek Resources Ltd. in exchange for the issuance of 3 million common shares to Strikepoint (received) and a cash payment of \$50,000 (received). The Company has retained a 0.5% NSR, which can be purchased for a cash payment of \$500,000. The Company recorded an accounting gain of \$260,000 on the sale of the Glacier Creek property.

D) HANDSOME JACK PROPERTY

During August, 2018, the Company completed an acquisition agreement with Trifecta Gold Ltd. (TSXV: TG) (“Trifecta”) to purchase the Handsome Jack property, adjacent to the Porter Idaho property, near Stewart, British Columbia (the “Transaction”). The terms of the Transaction are as follows:

- \$25,000 payable in cash to Trifecta (paid);
- issuance to Trifecta of 250,000 Strikepoint common shares (issued – valued at \$42,500); and
- grant of 1% NSR on the property with the option to buy back 0.5% at a price of \$500,000.

E) BIG, BADA AND BOOM PROPERTIES

During September 2018, the Company acquired, by staking, the Big, Bada and Boom properties contiguous to its Porter Idaho and Handsome Jack properties near Stewart, BC. Staking costs totaled \$2,547.

5. EXPLORATION AND EVALUATION PROPERTIES (cont'd)

F) LOBSTICK PROPERTY – ONTARIO

The Company owns a 100% interest in the Lobstick property located in the Lobstick area near the Lake of the Woods, Ontario. The Lobstick property is subject to a 3% net smelter return royalty upon commencement of commercial production, for which the Company may repurchase two-thirds of the 3% net smelter return royalty for \$1,000,000 for each one-third repurchased.

The Company must pay and issue to the former Optionor:

- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a technical report under National Instrument 43-101 demonstrating mineral resources on any part of the Lobstick Property; and
- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a positive, bankable feasibility study (as defined under National Instrument 43-101) with respect to any part of the Lobstick Property.

The property is on care and maintenance.

G) ANGELINA PROPERTY - MANITOBA

The Company's owns a 100% interest in the Angelina property, located in Rice Lake Belt, Manitoba. The property is on care and maintenance.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2020	December 31, 2019
Accounts payable (Note 8)	\$ 131,869	\$ 70,831
Accrued liabilities	43,000	32,325
Total	\$ 174,869	\$ 103,156

7. SHARE CAPITAL AND RESERVES

a) Authorized share capital

As at December 31, 2020, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

b) Issued share capital

Fiscal 2019

On April 8, 2019, the Company completed a private placement for gross proceeds of \$1,271,920 consisting of 11,562,908 common share units at \$0.11 per unit. Each unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.20 per share for a three-year period. Finders' fees payable in connection with the financing consisted of \$64,072 cash and 518,880 finders' warrants which are exercisable on the same terms as the unit warrants. The finders' warrants were valued at \$39,000 using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 1.73% and an expected volatility of 97.11%.

7. SHARE CAPITAL AND RESERVES (cont'd)

b) Issued share capital (cont'd)

Fiscal 2019 (cont'd)

On April 15, 2019, the Company issued 3,000,000 common shares, valued at \$420,000, pursuant to the Willoughby property acquisition described in Note 4, for which the market value on the date of issuance was \$0.14 per share.

On July 22, 2019, the Company completed the first tranche of a non-brokered private placement for gross proceeds of \$2,090,490 consisting of 6,945,000 flow-through common share units at a price of \$0.16 per unit and 8,902,636 non-flow-through common share units at a price of \$0.11 per unit. Each unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.20 per share for a three-year period. The Company recognized a flow through premium liability of \$347,250 on issuance. The residual value of the flow through portion of the first tranche of \$937,575 was allocated to share capital. To December 31, 2019, the Company expended \$1,111,200 in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to \$Nil. Finders' fees payable in connection with the financing consisted of \$43,706 cash and 275,347 finder's warrants. The warrants were valued at \$19,900 using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 1.68% and an expected volatility of 98.3%.

On July 30, 2019, the Company completed the second tranche of a non-brokered private placement for gross proceeds of \$481,000 consisting of 1,562,500 flow-through shares at \$0.16 per share and 2,100,000 non-flow-through units at \$0.11 per unit. Each unit is comprised of one common share and one share purchase warrant, with each warrant exercisable at \$0.20, for a three-year period. The Company recognized a flow through premium liability of \$78,125 on issuance. The residual value of the flow through portion of the first tranche of \$218,750 was allocated to share capital. To December 31, 2019, the Company expended an additional \$250,000 in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to \$Nil. Finders' fees payable in connection with this tranche consisted of \$38,205 cash and 290,500 finder's warrants. The warrants were valued at \$18,900 using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 1.68% and an expected volatility of 98.3%.

On July 30, 2019, the Company issued 2,400,000 common shares in conjunction with the conversion of Special Warrants (Note 4(B)).

Fiscal 2020

On January 22, 2020, the Company issued 15,000,000 common shares with a value of \$750,000 to Skeena as a final payment in conjunction with the acquisition of Mount Rainey Silver Inc. (Note 5(B)).

On July 23, 2020, the Company completed a non-brokered private placement for gross proceeds of \$1,955,000, consisting of 23,000,000 units at \$0.085 per unit. Each unit consists of one common share and ½ share purchase warrant, with each full warrant exercisable at \$0.12 per share, for a two-year period. In conjunction with the completion of the private placement, the Company issued 1,380,000 finder's shares valued at \$117,300 based on the fair value of the shares issued as well as 690,000 finder's warrants with the same attributes as the unit warrants, with a value of \$62,976 using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.30% and an expected volatility of 101.72%.

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7. SHARE CAPITAL AND RESERVES (cont'd)

b) Issued share capital (cont'd)

Fiscal 2020 (cont'd)

In October and November 2020, the Company completed non-brokered private placements for gross proceeds of \$5,282,995 consisting of 9,523,812 flow-through common share units at a price of \$0.21 per unit and 21,886,638 non-flow-through common share units at a price of \$0.15 per unit. Each unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.25 per share for a two-year period. The Company recognized a flow through premium liability of \$571,429 on issuance. To December 31, 2020, the Company expended \$Nil of the \$2,000,000 flow-through funds raised on eligible exploration expenditures and, accordingly, the flow-through liability was not derecognized. Finders' fees payable in connection with the financing consisted of \$75,597 cash and 389,694 finder's warrants, with a value of \$61,485 using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.30% and an expected volatility of 107.03%.

During the year ended December 31, 2020, 4,250,000 stock options were exercised for proceeds totalling \$347,500. Upon the exercise of options, \$241,226 was reclassified from reserves to share capital.

During the year ended December 31, 2020, 400,000 warrants were exercised for proceeds totalling \$80,000.

c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

Details of stock options outstanding and exercisable as at December 31, 2020 are as follows:

Number of Shares	Exercise Price	Expiry Date
1,200,000	\$0.15 *	April 26, 2021
500,000	\$0.20 **	October 25, 2021
2,050,000	\$0.20 ***	May 9, 2022
1,650,000	\$0.20	September 25, 2023
1,700,000	\$0.20	June 12, 2024
1,200,000	\$0.20	July 31, 2024
5,175,000	\$0.20 ****	August 3, 2025
<u>200,000</u>	\$0.20	September 9, 2025
<u>13,675,000</u>		

* Expired unexercised subsequent to December 31, 2020

** Exercise price was amended from \$0.30 to \$0.20 on June 13, 2019

*** Exercise price was amended from \$0.43 to \$0.20 on June 13, 2019

**** Subsequent to December 31, 2020, 400,000 shares were exercised

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7. **SHARE CAPITAL AND RESERVES** (cont'd)

c) Stock options (cont'd)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2018	7,405,000	\$ 0.20
Cancelled	(2,005,000)	0.17
Granted	<u>4,400,000</u>	0.18
Balance, December 31, 2019	9,800,000	0.18
Forfeited	(1,350,000)	0.05
Exercised	(4,250,000)	0.07
Granted	<u>9,475,000</u>	0.14
Balance, December 31, 2020	<u>13,675,000</u>	\$ 0.21
Balance, exercisable, December 31, 2020	<u>13,675,000</u>	\$ 0.21

d) Share-based payments

During April 2019, the Company granted stock options enabling the holder to acquire up to 1,500,000 common shares of the Company with a grant date fair value of \$0.14 per share and with an exercise price of \$0.14 per share, resulting in stock-based payments expense of \$154,000 using the Black-Scholes option pricing model.

During June 2019, the Company granted stock options enabling the holders to acquire up to 1,700,000 common shares of the Company with a grant date fair value of \$0.14 per share and with an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$164,200 using the Black-Scholes option pricing model.

During June 2019, the Company re-priced certain stock options that enable the holders to acquire up to 2,550,000 common shares to an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$52,400 using the Black-Scholes option pricing model.

During August 2019, the Company granted stock options enabling the holders to acquire up to 1,200,000 common shares of the Company with a grant date fair value of \$0.12 per share. These stock options have an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$101,000 using the Black-Scholes option pricing model.

During January 2020, the Company granted stock options enabling the holders to acquire up to 2,700,000 common shares of the Company with a grant date fair value of \$0.04 per share. These stock options have an exercise price of \$0.05 per share, resulting in stock-based payments expense of \$87,029 using the Black-Scholes option pricing model.

During May 2020, the Company granted stock options enabling the holders to acquire up to 1,400,000 common shares of the Company with a grant date fair value of \$0.035 per share. These stock options have an exercise price of \$0.05 per share, resulting in stock-based payments expense of \$43,711 using the Black-Scholes option pricing model.

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7. SHARE CAPITAL AND RESERVES (cont'd)

d) Share-based payments (cont'd)

During August 2020, the Company granted stock options enabling the holders to acquire up to 5,175,000 common shares of the Company with a grant date fair value of \$0.21 per share. These stock options have an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$891,827 using the Black-Scholes option pricing model.

During September 2020, the Company granted stock options enabling the holder to acquire up to 200,000 common shares of the Company with a grant date fair value of \$0.21 per share. These stock options have an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$34,247 using the Black-Scholes option pricing model.

The Company applies the fair value method using the Black-Scholes option pricing model to account for stock options granted to directors, officers and consultants. The following assumptions were used to calculate the weighted average fair value of the stock options granted during the period:

	2020	2019
Risk-free interest rate	0.61%	1.70%
Expected life of options	5 years	4.57 years
Annualized volatility	118%	92.5%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

e) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2018	20,902,250	\$ 0.42
Expired	(11,539,750)	0.49
Exercised *	(2,400,000)	-
Issued	12,081,788	0.20
Issued	16,122,983	0.20
Issued	<u>2,390,500</u>	0.20
Balance, December 31, 2019	37,557,771	\$ 0.23
Expired	(6,962,500)	0.36
Exercised	(400,000)	0.20
Issued	<u>43,990,144</u>	0.21
Balance, December 31, 2020	74,185,415	\$ 0.21

* On July 30, 2019, the Company issued 2,400,000 common shares in conjunction with the conversion of Special Warrants (Note 5(B)).

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7. SHARE CAPITAL AND RESERVES (cont'd)

e) Warrants (cont'd)

Details of warrants outstanding and exercisable as at December 31, 2020 are as follows:

Number of Shares	Exercise Price	Expiry Date
11,681,788*	\$0.20	April 7, 2022
16,122,983**	\$0.20	July 21, 2022
12,190,000	\$0.20	July 22, 2022
2,390,500***	\$0.20	July 30, 2022
26,752,524	\$0.25	October 1, 2022
<u>5,047,620</u>	<u>\$0.25</u>	<u>November 12, 2022</u>
74,185,415		

- subsequent to December 31, 2020, 150,000 warrants were exercised
- ** subsequent to December 31, 2020, 625,000 warrants were exercised
- *** subsequent to December 31, 2020, 2,123,000 warrants were exercised

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2020, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$190,000 (2019 - \$180,000) to the CEO of the Company.
- b) Paid or accrued professional fees of \$78,000 (2019 - \$78,000) to a company controlled by the Corporate Secretary of the Company, and professional fees of \$10,000 (2019 - \$Nil) to the Corporate Secretary.
- c) Paid or accrued professional fees of \$15,000 (2019 - \$Nil) to the CFO of the Company.
- d) Paid consulting fees of \$19,998 (2019 - \$Nil) to a company controlled by a Director of the Company.
- e) Paid or accrued geological consulting fees of \$36,000 (2019 - \$27,000) to a company controlled by a director of the Company, \$354,211 (2019 - \$175,586) to a company controlled by the Company's current vice-president of exploration and \$Nil (2019 - \$100,197) to a company controlled by the Company's former vice-president of exploration.
- f) Recorded share-based payment expense of \$598,860 (2019 - \$117,753) in conjunction with the granting and repricing of stock options to directors and officers of the Company.

Key management personnel compensation disclosed above (including senior officers and certain directors of the Company):

	December 31, 2020	December 31, 2019
Short-term benefits	\$ 633,140	\$ 548,590
Share-based payments	598,860	117,753

As at December 31, 2020, accounts payable and accrued liabilities included \$24,000 (2019 - \$9,000) due to a company controlled by a director of the Company and \$7,190 due to a company controlled by the Company's corporate secretary.

9. FINANCIAL INSTRUMENTS AND RISK FACTORS

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 Company’s financial instruments include cash and equivalents, receivables, and accounts payable and accrued liabilities. The carrying value of these financial instruments, other than cash and equivalents, approximates their fair value. Cash and equivalents is measured based on Level 1 inputs of the fair value hierarchy.

The following is an analysis of the Company’s financial assets measured at fair value as at December 31, 2020 and December 31, 2019:

	As at December 31, 2020		
	Level 1	Level 2	Level 3
Cash and equivalents	\$ 6,204,877	\$ -	\$ -

	As at December 31, 2019		
	Level 1	Level 2	Level 3
Cash and equivalents	\$ 432,110	\$ -	\$ -

Risk factors

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 has cash balances but no interest-bearing debt. The bank account is held with a major Canadian bank. As all of the Company’s cash and equivalents are held by one bank, there is a concentration of credit risk with the bank. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company’s secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Currency Risk

Currency risk is the risk that arises from the change in price of one currency against another. The Company operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest Rate Risk

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt, therefore, interest rate risk is nominal.

8. FINANCIAL INSTRUMENTS AND RISK FACTORS (cont'd)

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk have been assessed as high.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation interests, acquire additional exploration and evaluation interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

10. SEGMENTED INFORMATION

The primary business of the Company is the acquisition and exploration of mineral properties in Canada.

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11. INCOME TAX

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

	2020	2019
Loss for the year	\$ (3,684,956)	\$ (3,961,203)
Combined statutory tax rate	27%	27%
Expected income tax recovery at statutory rates	\$ (995,000)	\$ (1,070,000)
Permanent difference	284,000	242,000
Impact of flow through shares	540,000	368,000
Share issue costs	(26,000)	(43,000)
Change in unrecognized deductible temporary differences and other	197,000	503,000
Total income tax expense	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences and unused tax losses are as follows:

	Expiry date range	2020	2019
Non-capital losses carried forward	2026-2040	\$ 7,810,000	\$ 7,284,000
Exploration and evaluation assets	No expiry	\$ 11,627,000	\$ 11,363,000
Property and equipment	No expiry	\$ 62,000	\$ 62,000
Share issue costs	2041-2044	\$ 301,000	\$ 374,000
Canadian eligible capital	No expiry	\$ 8,000	\$ 8,000
Allowable capital loss	No expiry	\$ 794,000	\$ 794,000

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

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the Company:

- 1) granted 2,000,000 stock options, with an exercise price of \$0.20 per share, expiring March 10, 2026 and issued 400,000 common shares for proceeds totalling \$80,000 in conjunction with the exercise of stock options; and
- 2) issued 2,898,000 common shares for proceeds totalling \$579,600 in conjunction with the exercise of share purchase warrants.