



**Northern Superior Resources Inc.**

**Condensed Interim Financial Statements**

**(Unaudited - Expressed in Canadian dollars)**

**For the Three Months Ended March 31, 2021 and 2020**

## Northern Superior Resources Inc.

### **Notice to Reader:**

The accompanying unaudited condensed interim financial statements of Northern Superior Resources Inc. (the "Company") have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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**Statements of Financial Position**

<i>As at</i>	<i>Notes</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
		(\$)	(\$)
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	3	9,323,690	9,730,459
Prepays and receivables		100,054	146,447
Marketable securities	4	3,400	5,400
		<b>9,427,144</b>	<b>9,882,306</b>
<i>Non-current assets</i>			
Exploration and evaluation assets	5	9,741,676	9,255,254
		<b>19,168,820</b>	<b>19,137,560</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	6	559,425	394,845
Deferred flow-through share premium liability	7	1,531,986	1,716,479
		<b>2,091,411</b>	<b>2,111,324</b>
<b>Shareholders' Equity</b>			
Share Capital	7	73,186,667	73,088,625
Reserve - Stock options	7	6,064,021	6,112,663
Reserve - Warrants	7	5,671,856	5,671,856
Accumulated other comprehensive loss		(6,850)	(4,850)
Deficit		(67,838,285)	(67,842,058)
		<b>17,077,409</b>	<b>17,026,236</b>
		<b>19,168,820</b>	<b>19,137,560</b>

Commitments and contingencies – Notes 11

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD OF DIRECTORS ON MAY 25, 2021

“François Perron”  
Director

“Andrew Farncomb”  
Director

See accompanying notes to financial statements

**Northern Superior Resources Inc.**  
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**Statements of Loss and Comprehensive Loss**

		<b>Three months ended March 31,</b>	
	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		<b>(\$)</b>	<b>(\$)</b>
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Expenses			
Consulting fees	8	<b>25,187</b>	21,808
Legal and accounting		<b>4,055</b>	21,954
Office expenses and salaries	8	<b>131,019</b>	139,743
Shareholder information		<b>28,319</b>	41,566
Foreign exchange		<b>75</b>	(94)
Taxes		<b>-</b>	13,434
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Loss before the undernoted		<b>(188,655)</b>	(238,411)
Interest income		<b>7,934</b>	1,161
Flow-through share premium recovery	7	<b>184,494</b>	-
<hr/>			
<b>Net income (loss) for the period</b>		<b>3,773</b>	(237,250)
<b>Other comprehensive loss</b>			
<i>Items that will not be reclassified subsequently to loss</i>			
Change in value of marketable securities		<b>2,000</b>	(400)
<hr/>			
<b>Total comprehensive loss</b>		<b>5,773</b>	(237,650)
<hr/>			
<b>Basic and diluted loss per share</b>		<b>0.00</b>	(0.01)
<hr/>			
		<b>(#)</b>	<b>(#)</b>
<b>Weighted-average number of common shares outstanding</b>		<b>63,317,774</b>	40,104,602
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**Statements of Changes in Equity**

	Share Capital		Reserves				Equity
	Number of Shares (#)	Amount (\$)	Stock options (\$)	Warrants (\$)	Accumulated other comprehensive loss (\$)	Deficit (\$)	
<b>Balance, December 31, 2019</b>	<b>35,126,689</b>	<b>64,525,038</b>	<b>5,797,049</b>	<b>5,005,493</b>	<b>(8,250)</b>	<b>(66,842,062)</b>	<b>8,477,268</b>
Shares issued for cash	6,242,858	437,000	-	-	-	-	437,000
Shares issued for debt	389,365	81,766	-	-	-	-	81,766
Unrealized loss on marketable securities	-	-	-	-	(400)	-	(400)
Net loss	-	-	-	-	-	(237,250)	(237,250)
<b>Balance, March 31, 2020</b>	<b>41,758,912</b>	<b>65,043,804</b>	<b>5,797,049</b>	<b>5,005,493</b>	<b>(8,650)</b>	<b>(67,079,312)</b>	<b>8,758,384</b>
Shares issued for cash	21,013,358	10,061,611	-	612,389	-	-	10,674,000
Share issuance costs - shares	-	(157,271)	-	-	-	-	(157,271)
Share issuance costs - warrants	-	(53,974)	-	53,974	-	-	-
Flow-through share premium liability	-	(2,169,054)	-	-	-	-	(2,169,054)
Share based payments	-	-	484,024	-	-	-	484,024
Shares issued on exercise of stock options	530,000	363,509	(168,410)	-	-	-	195,099
Unrealized loss on marketable securities	-	-	-	-	3,800	-	3,800
Net loss	-	-	-	-	-	(762,746)	(762,746)
<b>Balance, December 31, 2020</b>	<b>63,302,270</b>	<b>73,088,625</b>	<b>6,112,663</b>	<b>5,671,856</b>	<b>(4,850)</b>	<b>(67,842,058)</b>	<b>17,026,236</b>
Shares issued on exercise of stock options	170,000	98,042	(48,642)	-	-	-	49,400
Unrealized loss on marketable securities	-	-	-	-	(2,000)	-	(2,000)
Net income	-	-	-	-	-	3,773	3,773
<b>Balance, March 31, 2021</b>	<b>63,472,270</b>	<b>73,186,667</b>	<b>6,064,021</b>	<b>5,671,856</b>	<b>(6,850)</b>	<b>(67,838,285)</b>	<b>17,077,409</b>

See accompanying notes to financial statements

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**Statements of Cash Flows**

	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>Operating Activities</b>		
Net income (loss) for the period	3,773	(237,250)
Items not involving cash:		
Flow-through shares premium recovery	(184,494)	-
Change in non-cash operating working capital items:		
Prepays and receivables	46,393	80,369
Accounts payables and accrued liabilities	(151,580)	75,699
<b>Cash used in operating activities</b>	<b>(285,908)</b>	<b>(81,182)</b>
<b>Investing Activities</b>		
Exploration and evaluation expenditures (net)	(170,261)	(31,859)
<b>Cash used in investing activities</b>	<b>(170,261)</b>	<b>(31,859)</b>
<b>Financing Activities</b>		
Proceeds from private placements	-	437,000
Proceeds from exercise of stock options	49,400	-
<b>Cash provided by financing activities</b>	<b>49,400</b>	<b>437,000</b>
Increase (decrease) in cash during the period	(406,769)	323,959
Cash and cash equivalents, beginning of year	9,730,459	429,159
<b>Cash and cash equivalents, end of period</b>	<b>9,323,690</b>	<b>753,118</b>

*See accompanying notes to financial statements*

**Northern Superior Resources Inc.**  
**Notes to the Condensed Interim Financial Statements**  
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**1. NATURE OF OPERATIONS**

Northern Superior Resources Inc. (“Northern Superior” or the “Company”) is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold properties in Ontario and Québec. The head office, principal address and registered and records office of the Company is 1351C Kelly Lake Road, Unit 7, Sudbury, Ontario, Canada, P3E 5P5.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent deferred acquisition costs incurred to date, less amounts written off or written down, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the Company raising capital, the sale or entering into a joint venture of the Company’s exploration and evaluation assets, and/or the attainment of profitable operations.

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company’s business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in the future. The Company continues to operate its business and adheres to Canadian Federal and Provincial emergency measures as those are developed.

**2. BASIS OF PREPARATION**

**Statement of Compliance**

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Except as noted below under Changes in Accounting Policies, these condensed interim financial statements follow the same accounting policies and methods of application as the annual financial statements of the Company for the year ended December 31, 2020. These condensed interim financial statements do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) and accordingly should be read in conjunction with the 2020 annual financial statements and the notes thereto.

Unless otherwise indicated, all dollar amounts in these condensed interim financial statements are in Canadian Dollars.

These condensed interim financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on May 25, 2021.

**3. CASH AND CASH EQUIVALENTS**

During the period ended March 31, 2021, the Company issued no flow-through shares (year ended December 31, 2020: flow-through shares for gross proceeds of \$8,219,000). As at March 31, 2021, the Company has \$6,647,911 (December 31, 2020: \$7,100,780) included in cash and cash equivalents

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remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

**4. MARKETABLE SECURITIES**

At March 31, 2021 and December 31, 2020, the Company held the following marketable securities:

	March 31, 2021			December 31, 2020		
	Shares (#)	Cost (\$)	Fair Value (\$)	Shares (#)	Cost (\$)	Fair Value (\$)
Bold Ventures Inc.	40,000	10,250	3,400	40,000	10,250	5,400

During the three months ended March 31, 2021, the Company recorded an unrealized loss of \$2,000 (year ended December 31, 2020: unrecorded gain of \$3,400) related to the change in fair value of the marketable securities in other comprehensive loss.

**5. EXPLORATION AND EVALUATION ASSETS**

	Ontario	Quebec			Total (\$)
	Ti-pa-haa- kaa-ning (\$)	Croteau Est (\$)	Lac Surprise (\$)	Wapistan (\$)	
Balance, December 31, 2020	2,070,142	4,057,367	2,903,306	224,439	9,255,254
Acquisition, assessment and maintenance	16,047	220	937	52	17,256
Analytical	-	-	16,750	-	16,750
Geology	209	3,300	50,847	-	54,356
Drilling	-	-	382,112	-	382,112
Project administration	-	13,965	2,218	-	16,183
Refundable tax credits and adjustments	-	-	(235)	-	(235)
Net change	16,256	17,485	452,629	52	486,422
Balance, March 31, 2021	2,086,398	4,074,852	3,355,935	224,491	9,741,676

	Ontario	Quebec			Total (\$)
	Ti-pa-haa- kaa-ning (\$)	Croteau Est (\$)	Lac Surprise (\$)	Wapistan (\$)	
Balance, December 31, 2019	1,937,506	4,062,717	1,826,147	232,978	8,059,349
Acquisition, assessment and maintenance	41,233	2,671	20,724	123	64,751
Analytical	-	-	178,771	-	178,771
Geophysics	7,675	-	1,250	-	8,925
Geology	74,160	19,710	131,217	-	225,087
Drilling	-	-	750,614	-	750,614
Project administration	9,568	-	3,827	582	13,977
Refundable tax credits and adjustments	-	(27,731)	(9,244)	(9,244)	(46,219)
Net change	132,636	(5,350)	1,077,159	(8,539)	1,195,905
Balance, December 31, 2020	2,070,142	4,057,367	2,903,306	224,439	9,255,254

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a) **Ti-pa-haa-kaa-ning (“TPK”) property**

The Company owns a 100% interest in the TPK Property. Although claims associated with the Annex area of the property are free of any Net Smelter Royalties (“NSR”), some claims associated with the New Growth and Big Dam area of the property are subject to a 2% NSR, of which the Company has the right to purchase back 0.5% for \$1.0 million. Additionally, certain claims within the Big Dam area are subject to a 2% NSR on diamonds only in favour of Vale S.A.

b) **Croteau Est property**

The Croteau Est property is comprised of claims blocks governed by two separate agreements. As the claims blocks under the agreements are contiguous, they have been aggregated, for geological and exploration reporting purposes, into the Croteau Est property.

*Pursuant to agreement #1:* The Company holds a 100% interest in this claim block, subject to a 1.0% NSR on any commercial production, of which the Company has the right to buy back 0.5% for \$1.5 million.

*Pursuant to agreement #2:* The Company owns a 100% interest in this claim block, subject to a 1% NSR royalty on a majority of the claims. The 1% NSR royalty covers all except 7 claims (comprising approximately 287 hectares) which were already subject to a prior 2% NSR royalty in favor of the prospector who originally staked the claims. The Company has the right to repurchase one half of the 1% NSR royalty (reducing it to a 0.5% NSR royalty) at any time for \$1.0 million. Similarly, the Company has the right to repurchase half of the 2% NSR royalty (reducing it to a 1% NSR royalty) at any time, for \$1.0 million. In either case, should the Company exercise its buy-back right, it will then have a right of first refusal with respect to the remaining NSR royalty.

c) **Lac Surprise property**

The Company owns a 100% interest in the Lac Surprise property.

d) **Wapistan property**

The Company owns a 100% interest in the Wapistan property.

e) **Metson Lake, Rapson Bay and Thorne Lake properties (collectively, the “Properties”)**

The Properties are owned 100% by the Company.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2021	December 31, 2020
	(\$)	(\$)
Trade payables	367,460	246,491
Amounts due to related parties	156,263	105,019
Accrued liabilities - general	35,702	43,335
	<b>559,425</b>	<b>394,845</b>

The fair value of accounts payable and accrued liabilities approximate their carrying amount. Trade payables relate mainly to the acquisition of materials, supplies and services. These payables do not accrue interest.

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**7. SHARE CAPITAL**

**a) Authorized**

At March 31, 2021, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

**b) Common shares**

*Three Months Ended March 31, 2021*

- During the three months ended March 31, 2021, the Company issued a total of 170,000 shares on the exercise of stock options, for total gross proceeds of \$49,400.
- In connection with flow-through expenditures incurred during the period ended March 31, 2021, \$184,494 of flow-through premium liability was extinguished through the Statements of Loss and Comprehensive Loss during the period ended March 31, 2021 (period ended March 31, 2020: \$Nil).

*Year Ended December 31, 2020*

- The Company closed various private placements ("Private Placements") as follows:
  - a. On January 20, 2020, the Company closed a non-brokered private placement ("Offering #1") for gross proceeds of \$437,000, pursuant to which the Company issued 6,242,858 units ("Unit") at \$0.07 per Unit, to a Director of the Company. Each Unit consisted of one common share of the Company and one non-transferable share purchase warrant ("Warrant"), with each Warrant allowing for the purchase of one additional common share of the Company at \$0.10 per share until January 21, 2023. The value allocated to the warrants based on the residual value method was \$Nil.
  - b. On April 3, 2020, the Company closed a non-brokered private placement ("Offering #2") for total gross proceeds of \$3,924,000. The Offering #2 comprised charity flow-through common shares of the Company ("Ontario Charity FT Shares") at \$0.3625 per Ontario Charity FT Share, and common shares of the Company ("Shares") priced at \$0.25 per Share. Pursuant to the closing of the Offering #2, the Company issued 8,880,000 Ontario Charity FT Shares for gross proceeds of \$3,219,000 and 2,820,000 Shares for gross proceeds of \$705,000. The issuance of the Ontario Charity FT Shares resulted in a flow-through premium liability of \$1,176,600. Attendant with expenditures during the year, \$26,891 of the flow-through premium liability was extinguished through the Statement of Loss and Comprehensive Loss during the year ended December 31, 2020.
  - c. On June 2, 2020, the Company closed a non-brokered private placement (the "Offering #3") for total gross proceeds of \$2,500,000. The Offering #3 comprised charity flow-through common shares of the Company ("Ontario Charity #2 FT Shares") at \$0.4350 per Ontario Charity #2 FT Share, and charity flow-through shares (the "Québec Charity FT Shares") priced at \$0.54 per Québec Charity FT Share. Pursuant to the closing of the Offering #3, the Company issued 1,149,426 Ontario Charity FT #2 Shares for gross proceeds of \$500,000 and 3,703,704 Québec Charity FT Shares for gross proceeds of \$2,000,000. The issuance of the Ontario Charity #2 FT Shares and Québec Charity FT Shares resulted in a flow-through premium liability of \$946,999. Attendant with expenditures during the year, \$425,684 of the flow-through premium liability was extinguished through the Statement of Loss and Comprehensive Loss during the year ended December 31, 2020.

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- d. On December 14, 2020, the Company closed a non-brokered private placement (“Offering #4”) for total gross proceeds of \$4,250,000. The Offering #4 comprised flow-through common shares of the Company (“Québec #2 FT Shares”) at \$1.10 per Québec #2 FT Share, and units (“Units”) of the Company priced at \$0.80 per Unit. Each Unit is comprised of one common share of the Company (“Share”) and a half warrant (“Warrant), with each whole warrant allowing for the acquisition of one additional Share at \$1.20 per Share until June 14, 2022. Pursuant to the closing of the Offering #4, the Company issued 2,272,728 Québec #2 FT Shares for gross proceeds of \$2,500,000 and 2,187,500 Shares for gross proceeds of \$1,750,000. The issuance of the Québec #2 FT Shares resulted in a flow-through premium liability of \$45,455. In connection with the Offering #4, the Company paid finders’ fees (“Finders’ Fees”) of \$157,287 and issued 96,400 finders’ warrants (“Finders’ Warrants”) under the same terms as the Warrants.

The Private Placements are summarized as follows:

	Offering #1	Offering #2	Offering #3	Offering #4	Total
<b>Announcement Date</b>	December 30, 2019	March 12, 2020	May 11, 2020	November 9, 2020	
<b>Closing Date</b>	January 20, 2020	April 3, 2020	June 2, 2020	December 14, 2020	
<b>Gross Proceeds</b>	\$437,000	\$3,924,000	\$2,500,000	\$4,250,000	<b>\$11,111,000</b>
<b>FT Shares Issued <sup>(1)</sup></b>	-	8,880,000	4,853,130	2,272,728	<b>16,005,858</b>
<b>NFT Shares Issued <sup>(2)</sup></b>	6,242,858	2,820,000	-	2,187,500	<b>11,250,358</b>
<b>NFT Warrants Issued <sup>(2)</sup></b>	6,242,858	-	-	1,093,750	<b>7,336,608</b>
<b>NFT Warrant Exercise Price <sup>(2)</sup></b>	\$0.100	-	-	\$1.200	
<b>NFT Warrant Expiry Date <sup>(2)</sup></b>	January 21, 2023	-	-	June 14, 2022	
<b>Finders' Fees</b>					
<b>Cash</b>	\$0	\$0	\$0	\$157,271	<b>\$157,271</b>
<b>Finders' Warrants</b>	-	-	-	96,400	<b>96,400</b>
<b>Exercise Prices</b>	-	-	-	\$1.200	
<b>Expiry Date</b>	-	-	-	June 14, 2022	

<sup>(1)</sup> FT denotes flow-through

<sup>(2)</sup> NFT denotes non-flow-through

- On March 23, 2020, the Company issued a total of 389,365 common shares (valued in the aggregate at \$81,766) to certain current and former Directors in satisfaction of unpaid Directors’ fees for the year ended December 31, 2019.
- During the year ended December 31, 2020, the Company issued a total of 530,000 common shares on the exercise of stock options, for total gross proceeds of \$195,100.

**c) Stock Options**

The Company has a stock option plan (the “Plan”) administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount at the time of grant. The terms of all options cannot exceed ten years and the minimum exercise price cannot be less than the closing price of the Company’s common shares on the TSX-V on the last trading day preceding the grant of the option. All of the outstanding options of the Company were issued with an expiry date of 5 years from the date of issue. Except as may be prescribed by the Exchange, the Board of Directors determines the vesting terms of the options. Share-based payments reserve is included in shareholders’ equity and consists of the estimated fair value of stock options.

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*Three Months Ended March 31, 2021*

At March 31, 2021, the Company had stock options, with a total weighted average remaining contractual life of 2.96 years (December 31, 2020: 3.25 years) outstanding as follows:

Grant date	Expiry date	Number (#)	Exercise price (\$)	Average Life (years)
August 1, 2016	August 1, 2021	50,000	1.000	0.34
November 21, 2016	November 21, 2021	105,000	0.500	0.65
April 23, 2017	April 23, 2022	510,000	0.650	1.07
November 30, 2017	November 30, 2022	285,000	0.500	1.67
March 29, 2019	March 29, 2024	530,000	0.220	3.00
June 16, 2020	June 16, 2025	1,350,000	0.340	4.22
		<b>2,830,000</b>	<b>0.407</b>	<b>2.96</b>

A summary of the changes in the Company's stock options follows:

	Number of options (#)	Weighted average exercise price (\$)
<b>Outstanding, December 31, 2019</b>	<b>2,545,000</b>	<b>0.433</b>
Granted	1,450,000	0.340
Exercised	(530,000)	0.368
Expired	(465,000)	0.428
<b>Outstanding, December 31, 2020</b>	<b>3,000,000</b>	<b>0.401</b>
Exercised	(170,000)	0.291
<b>Outstanding, March 31, 2021</b>	<b>2,830,000</b>	<b>0.407</b>

*Year Ended December 31, 2020*

During the year ended December 31, 2020, the Company granted incentive stock options allowing for the acquisition of up to, in the aggregate, 1,450,000 common shares at \$0.34 per share until June 16, 2025. The total amount of share-based payments expense of \$484,024 was recognized during the year ended December 31, 2020. The fair value for stock options granted during the period was determined using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.75
Expected stock price volatility (%)	210
Expected dividend yield (%)	0
Expected life (years)	5

At December 31, 2020, the Company had stock options, with a total weighted average remaining contractual life of 3.25 years (December 31, 2019: 3.17 years) outstanding as follows:

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Grant date	Expiry date	Number (#)	Exercise price (\$)	Average Life (years)
August 1, 2016	August 1, 2021	50,000	1.000	0.59
November 21, 2016	November 21, 2021	105,000	0.500	0.89
April 23, 2017	April 23, 2022	510,000	0.650	1.31
November 30, 2017	November 30, 2022	285,000	0.500	1.92
March 29, 2019	March 29, 2024	600,000	0.220	3.25
June 16, 2020	June 16, 2025	1,450,000	0.340	4.46
		<b>3,000,000</b>		<b>3.25</b>

A summary of the changes in the Company's stock options follows:

	Number of options (#)	Weighted average exercise price (\$)
<b>Outstanding, December 31, 2018</b>	<b>1,545,000</b>	<b>0.595</b>
Granted	1,130,000	0.220
Expired	(130,000)	0.500
<b>Outstanding, December 31, 2019</b>	<b>2,545,000</b>	<b>0.433</b>
Granted	1,450,000	0.340
Exercised	(530,000)	0.368
Expired	(465,000)	0.428
<b>Outstanding, December 31, 2020</b>	<b>3,000,000</b>	<b>0.401</b>

**d) Warrants**

*Three Months Ended March 31, 2021*

At March 31, 2021, the Company had 7,433,008 warrants (December 31, 2020: 7,433,008), with a total weighted average remaining contractual life of 1.72 years (December 31, 2020: 1.96 years) outstanding as follows:

Issue date	Expiry date	Number (#)	Exercise price (\$)	Weighted Average Life (years)
January 20, 2020	January 21, 2023	6,242,858	0.100	1.81
December 14, 2020	June 14, 2022	1,093,750	1.200	1.21
December 14, 2020	June 14, 2022	96,400	1.200	1.21
		<b>7,433,008</b>	<b>0.276</b>	<b>1.72</b>

A summary of the changes in the Company's warrants follows:

	Number of warrants (#)	Weighted average exercise price (\$)
<b>December 31, 2019</b>	-	-
Issued	7,433,008	0.276
<b>December 31, 2020 and March 31, 2021</b>	<b>7,433,008</b>	<b>0.276</b>

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*Year ended December 31, 2020*

Pursuant to the Private Placements, the Company issued warrants allowing for the purchase of up to, in the aggregate, 7,433,008 common shares in the capital of the Company. The warrants were valued in aggregate at \$666,363 using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.6
Expected stock price volatility (%)	120
Expected dividend yield (%)	0
Expected life (years)	1.5 to 2.0

At December 31, 2020, the Company had 7,433,008 warrants (2019: Nil), with a total weighted average remaining contractual life of 1.96 years (2019: Nil) outstanding as follows:

<b>Issue date</b>	<b>Expiry date</b>	<b>Number</b>	<b>Exercise price</b>	<b>Weighted Average Life</b>
		<b>(#)</b>	<b>(\$)</b>	<b>(years)</b>
January 20, 2020	January 21, 2023	6,242,858	0.100	2.06
December 14, 2020	June 14, 2022	1,093,750	1.200	1.45
December 14, 2020	June 14, 2022	96,400	1.200	1.45
		<b>7,433,008</b>		<b>1.96</b>

A summary of the changes in the Company's warrants follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
	<b>(#)</b>	<b>(\$)</b>
<b>December 31, 2018</b>	<b>9,558,574</b>	<b>0.686</b>
Expired	(9,558,574)	0.686
<b>December 31, 2019</b>	-	-
Issued	7,433,008	0.276
<b>December 31, 2020</b>	<b>7,433,008</b>	<b>0.276</b>

**8. RELATED PARTY TRANSACTIONS**

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. Transactions were in the normal course of operations and all of the costs recorded are based on fair value. The Company's related party expenses for the three months ended March 31, 2021 and 2020 are as follows:

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	March 31,	
	2021 (\$)	2020 (\$)
Management fees	24,069 <sup>(1)</sup>	21,000
Directors' fees	33,125 <sup>(2)</sup>	13,750 <sup>(4)</sup>
Salaries and wages	56,250 <sup>(3)</sup>	56,250
Share based payments	-	-
	<b>113,444</b>	<b>91,000</b>

(1) At March 31, 2021, a total of \$17,829 was owed in respect of management fees incurred during the three months ended March 31, 2021.

(2) At March 31, 2021, a total of \$129,430 was owed to Directors in respect of Directors' fees incurred in the year ended December 31, 2020 and the three months ended March 31, 2021.

(3) At March 31, 2021, a total of \$8,655 was owed in respect of salaries and wages incurred in the period ended March 31, 2021.

(4) At March 31, 2020, a total of \$13,750 was owed to Directors in respect of Directors' fees incurred during the three months ended March 31, 2020.

At March 31, 2021, the Company owed \$349 (December 31, 2020: \$Nil) to a related party in respect of expenses incurred on behalf of the Company.

## 9. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

### Management of Capital risk

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit, equity reserves.

The Company's capital at March 31, 2021 and December 31, 2020 follows:

	March 31, 2021 (\$)	December 31, 2020 (\$)
Share Capital	73,186,667	73,088,625
Reserves	11,729,027	11,779,669
Deficit	<b>(67,838,285)</b>	(67,842,058)
	<b>17,077,409</b>	17,026,236

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and will need to raise additional amounts. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended March 31, 2021. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

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**Management of Financial Risks**

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

**i. Credit Risk**

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. The Company's surplus cash at March 31, 2021, is invested in liquid low risk accounts in A rated Canadian Banks. The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

**ii. 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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had cash and cash equivalents of \$2,675,779 (December 31, 2020: cash and cash equivalents of \$2,629,679) to settle trade payables and accrued liabilities totaling \$559,425 (December 31, 2020: \$394,845).

**iii. Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. A 1% change in short term rates would change the interest income and net loss of the Company, assuming that all other variables remained constant, by approximately \$93,237 at March 31, 2021.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency or commodity risk arising from financial instruments.

**10. SEGMENTED INFORMATION**

The Company conducts its business as a single operating segment being the mineral exploration business in Canada. All exploration properties and equipment are situated in Canada.

**11. COMMITMENTS AND CONTINGENCIES**

At March 31, 2021, the Company has the following commitments in respect of its office lease:

	< 1 year	2-5 years	> 5 years	Total
	(\$)	(\$)	(\$)	(\$)
<b>Lease</b>	45,633	15,211	-	<b>60,844</b>