Consolidated Financial Statements of

AURION RESOURCES LTD.

December 31, 2020 and 2019

AURION RESOURCES LTD.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Aurion Resources Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Aurion Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows 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 Glenn Parchomchuk.

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

April 30, 2021

AURION RESOURCES LTD.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	**As at December 31 2020**	As at December 31, 2019
		$	$
ASSETS			
CURRENT			
Cash		**1,704,898**	8,750,837
Short-term investments	5	**-**	3,663,824
Reclamation deposit		**126,618**	125,841
Receivables	6	**240,686**	984,048
Prepaid expenses		**370,291**	356,032
Marketable securities	7	**5,777,501**	3,505,000
Total current assets		**8,219,994**	17,385,582
EXPLORATION AND EVALUATION ASSETS	8	**29,833,450**	21,878,229
INVESTMENT IN ASSOCIATE	9	**3,851,826**	-
RIGHT-OF-USE ASSETS	10	**63,478**	98,102
PROPERTY AND EQUIPMENT	11	**216,931**	322,115
Total assets		**42,185,679**	39,684,028
LIABILITIES			
CURRENT			
Trade payables and accrued liabilities		**370,395**	1,258,672
Lease liability	12	**34,332**	34,332
Total current liabilities		**404,727**	1,293,004
NON-CURRENT			
Lease liability	12	**38,220**	72,553
Deferred share unit liability	13	**779,442**	485,896
Total non-current liabilities		**817,662**	558,449
Total Liabilities		**1,222,389**	1,851,453
SHAREHOLDERS' EQUITY	13	**40,963,290**	37,832,575
		42,185,679	39,684,028

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AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON April 28, 2021:

"Dennis Clarke" Director *"David Loveys"* Director

See accompanying notes to the consolidated financial statements

AURION RESOURCES LTD.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	**For the year ended December 31, 2020**	For the year ended December 31, 2019
		$	$
EXPENSES			
Share-based payments	13	**1,919,818**	1,877,565
General and administrative		**1,181,001**	1,942,143
Wages and benefits		**950,184**	1,147,884
Professional fees		**116,377**	153,534
Depreciation	11	**123,110**	127,510
Accounting		**141,091**	98,044
Amortization of right-of-use assets	10	**34,624**	34,624
Consulting fees		**18,766**	78,980
Interest on lease liabilities	12	**9,143**	12,154
Write-down of exploration and evaluation assets	8	**457,576**	1,952,118
Interest and bank charges		**6,399**	9,390
Property investigation costs		**-**	8,484
Bad debt expense		**-**	132,187
Loss on disposal of equipment		**-**	707
		(4,958,089)	(7,575,324)
Foreign exchange gain (loss)		**79,779**	(45,343)
Interest and other income		**209,220**	233,038
Gain on property transactions	8	**479,168**	2,433,137
Share of loss from associate	9	**(480,782)**	-
Unrealized gain (loss) on marketable securities	7	**1,793,333**	(406,000)
		2,080,718	2,214,832
Net Loss and Comprehensive Loss for the Year		**(2,877,371)**	(5,360,492)
Loss per Common Share - Basic and Diluted		**(0.03)**	(0.07)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted		**83,474,888**	77,153,817

See accompanying notes to the consolidated financial statements

AURION RESOURCES LTD.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of shares	**Share capital**	**Warrants**	**Contributed surplus**	**Share-based payment reserve**	**Expired stock options and warrants reserve**	**Deficit**	**Total equity**
		$	$		$	$	$	$
Balance, December 31, 2018	69,383,708	34,764,976	424,226	-	4,684,116	3,608,483	(18,257,156)	25,224,645
Total comprehensive loss for December 31, 2019							(5,360,492)	(5,360,492)
Shares issued for private placements	13,569,966	17,580,114	438,817	-	-	-	-	18,018,931
Exercise of stock options	475,000	529,153	-	-	(219,253)	-	-	309,900
Exercise of finders' warrants	4,180	6,448	(2,059)	-	-	-	-	4,389
Expiry of finders' warrants	-	-	(424,226)	-	-	424,226	-	-
Share-based payments - stock options	-	-	-	-	1,414,146	-	-	1,414,146
Share issuance costs - cash	-	(1,340,127)	-	-		-	-	(1,340,127)
Share issuance costs - finders' warrants	-	(438,817)	-	-	-	-	-	(438,817)
Balance, December 31, 2019	**83,432,854**	**51,101,747**	**436,758**	-	**5,879,009**	**4,032,709**	**(23,617,648)**	**37,832,575**
Total comprehensive loss for December 31, 2020							(2,877,371)	(2,877,371)
Exercise of stock options	40,000	74,209	-	-	(30,209)	-	-	44,000
Exercise of finders' warrants	3,917	7,621	(2,415)	-	-	-	-	5,206
Contribution from associate	-	-	-	4,332,608	-	-	-	4,332,608
Share-based payments - stock options	-	-	-	-	1,626,272	-	-	1,626,272
Balance, December 31, 2020	**83,476,771**	**51,183,577**	**434,343**	**4,332,608**	**7,475,072**	**4,032,709**	**(26,495,019)**	**40,963,290**

See accompanying notes to the consolidated financial statements

AURION RESOURCES LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note	**For the year ended December 31, 2020**	For the year ended December 31, 2019
		$	$
OPERATING ACTIVITIES			
Net loss for the year		**(2,877,371)**	(5,360,492)
Items not affecting cash:			
Share-based payments	13	**1,919,818**	1,877,565
Share of loss from associate	9	**480,782**	-
Depreciation	11	**123,110**	127,510
Amortization of right-of-use asset	10	**34,624**	34,624
Write-down of exploration and evaluation assets	8	**457,576**	1,952,118
Interest on lease liabilites	12	**9,143**	12,154
Unrealized gain (loss) on marketable securities	7	**(1,793,333)**	406,000
Gain on property transactions	8	**(479,168)**	-
Accrued interest income		**(71,598)**	(85,185)
Bad debt expense		**-**	132,187
Loss on disposal of equipment		**-**	707
Changes in non-cash operating working capital	15	**355,251**	(655,424)
		(1,841,166)	(1,558,236)
INVESTING ACTIVITIES			
Exploration and evaluation expenditures, net		**(8,927,222)**	(11,489,757)
Purchase of property and equipment		**(17,926)**	(245,164)
Interest income received		**135,422**	146,894
Short-term investments		**3,600,000**	3,900,000
Proceeds from disposal of assets		**-**	5,263
Reclamation deposit		**(777)**	-
		(5,210,503)	(7,682,764)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital - net	13	**49,206**	16,554,276
Repayment of lease liabilities		**(34,333)**	(25,841)
Interest paid on lease liabilities	12	**(9,143)**	(12,154)
		5,730	16,516,281
INCREASE (DECREASE) IN CASH		**(7,045,939)**	7,275,281
CASH, BEGINNING OF YEAR		**8,750,837**	1,475,556
CASH, END OF YEAR		**1,704,898**	8,750,837
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See accompanying notes to the consolidated financial statements

1. DESCRIPTION OF BUSINESS

Aurion Resources Ltd. (the "Company") was incorporated under the *Business Corporations Act (Alberta)* on April 6, 2006 and was continued into British Columbia on August 10, 2018 under the *Business Corporations Act (British Columbia)*. The Company was listed on the TSX Venture Exchange (the "Exchange") on October 3, 2008. The Company has its registered head office at 6204 125th Street, Surrey, BC, Canada, and its principal office is 120 Torbay Road, Suite W240, St. John's, Newfoundland and Labrador, Canada. The Company and its wholly-owned subsidiaries are engaged in the evaluation, acquisition and exploration of mineral properties in Canada, Mexico, the United States, Sweden and Finland. The Company plans to ultimately develop the properties, bring them into production, option or lease properties to third parties, or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company is considered to be in the exploration stage.

These consolidated financial statements (the "financial statements") for the year ended December 31, 2020 were authorized for issuance by the Board of Directors of the Company on April 28, 2021.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected 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.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of consolidation and presentation

These financial statements reflect the financial position, results of operations and cash flows of the Company and its wholly owned subsidiaries: Minera Aurion de Mexico S.A. de C.V. (Mexico), Aurion Resources (US) LLC (USA), Aurion Resources AB (Sweden), Aurion Resources Oy (Finland) and FennoEx Oy (Finland). All inter-company transactions and balances have been eliminated upon consolidation.

The financial statements of the Company have been prepared in accordance with IFRS on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company does not have any proven economically recoverable reserves, has continuous losses, and, at December 31, 2020, the Company had an accumulated deficit of $26,495,019 (December 31, 2019 - $23,617,648). However, management has assessed that the working capital is sufficient for the Company to continue as a going concern beyond one year. The success of the

2. BASIS OF PREPARATION (Continued)

Company and the recoverability of exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to fund and complete the development of such reserves, the ability of the Company to satisfy obligations as they come due and upon future profitable production from the properties or proceeds from disposition. The Company's ability to raise additional funds is dependent on favourable conditions in equity and alternative investment markets, which are volatile and subject to significant uncertainty.

The amounts shown as exploration and evaluation assets represent net costs to date, less write-offs and do not necessarily represent present or future values. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the statement of financial position classifications used.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial assets classified as at fair value through profit or loss, which are measured at fair value. Additionally, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Currency of presentation

All amounts are expressed in Canadian dollars, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements reflect the financial position, results of operations and cash flows of the Company and its wholly-owned subsidiaries. All inter-company transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit and short-term investments with original maturities of three months or less in term deposits with financial institutions that are readily convertible to cash. As at December 31, 2020 and 2019, the Company did not have any cash equivalents.

Investments in associates

Associates are entities over which the Company has significant influence, but not control, on financial and operating decisions. Significant influence is assumed if the Company has a 20% to 50% shareholding and voting rights in the entity, unless qualitative factors indicate otherwise. Similarly, significant influence is assumed not to exist if the Company has less than a 20% shareholding or voting rights in the entity, unless qualitative factors indicate otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Entities over which the Company has significant influence are accounted for by the equity method. The investment is initially recognized at cost. The carrying value of the investment is subsequently adjusted to recognize the Company's share of profits and losses of the associate after the date of acquisition or when significant influence begins. The Company's share of profits and losses is recognized in the consolidated statement of operations and its share of other comprehensive income or loss of the associate is included in the consolidated statement of comprehensive loss.

Unrealized gains or losses between the Company and the associate upon transfer of assets are eliminated according to equity interest in the associate unless there is evidence of impairment to the asset transferred. Dilution gains or losses arising from changes in the Company's equity interest in the associate are recognized in the consolidated statement of operations and comprehensive loss.

The amounts included in the financial statements of the associate are adjusted to reflect adjustments made by the Company, when using the equity method, such as fair value adjustments made at the time of acquisition.

At the end of each reporting period, the Company will review the investment to determine if there is any objective evidence that the investment is impaired. If impaired, the carrying value of the Company's share of the underlying assets of the associate is written down to its estimated recoverable amount and recognized in the consolidated statement of operations and comprehensive loss.

As at December 31, 2020, the Company has classified its investment in Fingold Ventures Ltd. ("Fingold") as an investment in associate based on management's judgement that considers its ownership of 49% of the outstanding shares of Fingold as an investment where the Company has significant influence.

Exploration and evaluation assets

The Company is in the exploration stage and defers all expenditures related to its exploration and evaluation assets until such time as the properties are put into commercial production, sold or abandoned. Under this method, all amounts shown as exploration and evaluation assets represent acquisition and exploration costs incurred to date and do not necessarily represent present or future values. Costs are only capitalized subsequent to gaining the legal rights to the property. If the properties are put into commercial production, the expenditures will be depleted following the unit of production method. If the properties are sold or abandoned, or considered to be impaired in value, the expenditures will be charged to operations.

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

Proceeds received from a partial option of an exploration and evaluation asset are credited against the carrying value of the mineral property. When the proceeds exceed the carrying costs, the excess is recorded in profit or loss in the period of receipt. No initial value is assigned to any retained royalty interest on the completion of an option agreement. The royalty interest would subsequently be assessed for value by reference to developments on the underlying mineral property.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. These events may include the following:

-the period for which the Company has exploration rights has expired or will shortly
-there is no further exploration planned for a property
-continued unfavourable exploration results

If a property's recoverable amount is less than the assets carrying amount, an impairment loss is recognized. The ultimate recoverability of the amounts capitalized for the exploration and evaluation assets is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof.

Management's estimates of recoverability of the Company's investment in its various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in future write-downs of carrying values.

Property and equipment

Property and equipment are recorded at cost. Depreciation is calculated on a straight-line basis at rates which will reduce original cost to estimated residual value over the estimated useful lives of the assets. Property and equipment is reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the carrying amount, an impairment loss is recognized.

The rates applicable to each category of property and equipment are as follows:

Furniture and equipment	20%
Computers	45%
Right-of-use asset	3 Years (Term of lease)

Leases

The Company recognizes a right of use ("ROU") asset and lease liability in the statement of financial position at the commencement date of the lease. The lease liability is initially measured at the present value of the future lease payment using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Depreciation of ROU assets and interest on lease liabilities is recognized in the consolidated statement of operations and comprehensive loss. The total amount of cash paid is separated into a principal portion (presented in financing activities) and interest (presented in operating activities) in the consolidated statement of cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

For short-term leases and leases of low value assets, the Company has opted to recognize a lease expense on a straight-line basis, and this expense is presented within general and administrative in the statement of operations and comprehensive loss.

Share capital

Common shares and warrants are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares are recognized as a reduction of shareholders' equity, net of tax.

The Company has adopted a relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company considers the market value of the common shares issued as fair value and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with fair value attributed to the warrants being recorded to the Company's warrant reserve.

Flow-through shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") and included in current liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

Share-based payments

The stock option plan (Note 13) allows Company employees and consultants to acquire shares of the Company. Share-based payments to employees are measured using the fair value method at the date of grant of stock options. An individual is classified as an employee when the individual is considered an employee for legal or tax purposes or provides similar services to those performed by an employee. Share-based payments to non-employees are measured at the fair value of goods and services received or, if it is determined that the fair value of the goods or services received cannot be reliably measured, the fair value method will be used to determine the value at the date the options are granted.

The fair value of options is determined using the Black-Scholes option pricing model and is expensed to earnings over the vesting period on a graded basis with an offset to share-based payment reserve. When options are exercised, the corresponding share-based payment reserve and the proceeds received by the Company are credited to share capital. Forfeitures are estimated at the time of the grant. When options expire, the fair value of the options is transferred from share-based payment reserve with an offset to expired options and warrants reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred share units

The Company has a deferred share unit plan (Note 13) to provide common shares to participants in the plan as a form of remuneration. Each deferred share unit ("DSU") has the same value as one common share at the date of grant based on the prior day's closing price. The DSUs are revalued at the end of each period based on the closing share price.

Income taxes

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in earnings or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax expense comprises the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on either the same taxable entity, or on different taxable entities, which intend to settle current tax liabilities and assets on a net basis or realize their tax assets and liabilities simultaneously.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses, unused tax credits and temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is computed by dividing the loss for the period by the weighted-average number of shares outstanding during the period. Diluted EPS is equivalent to basic EPS as the inclusion of outstanding stock options and warrants is anti-dilutive, since the Company is in a loss position for the years presented.

Foreign currency translation

The functional currency of the Company and its subsidiaries is the Canadian dollar. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the statement of financial position date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Income and expenses are translated at the average exchange rates prevailing during the period except for depreciation, which is translated at historical exchange rates. Gains and losses on translation are included in the determination of net loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Decommissioning and restoration provision

The Company recognizes the fair value of the liability for asset decommissioning and restoration in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the Company's risk-free interest rate. The liability is subsequently adjusted for the passage of time and is recognized as an accretion expense in the consolidated statement of operations and comprehensive loss. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The increase in the carrying value of the asset is amortized on the same basis as mineral properties. In Management's estimation, there is no liability at this time.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of operations and comprehensive loss. Realized and unrealized gains and losses arising from the changes in the fair value of the financial asset held at FVTPL are included in the statement of operations and comprehensive loss in the period in which they arise. The Company's financial assets at FVTPL are comprised of cash, short-term investments, receivables and marketable securities.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recorded at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. The Company does not hold any financial assets at FVTOCI.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. The Company does not hold any financial assets at amortized cost.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition or financial assets classified as FVTPL or amortized cost are recognized in the statement of operations and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

(i) Financial assets at amortized cost

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 credit risk of the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to the twelve month expected credit losses. For trade 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. Given the nature and balances of the Company's receivables the Company has no material loss allowance at December 31, 2020.

(ii) Non-financial assets

Non-financial assets are evaluated at each reporting period by management for indicators that the carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the cash-generating unit ("CGU") level, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. The Company's exploration and evaluation asset impairment policy is more specifically discussed above.

Financial liabilities at FVTPL

Financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of operations and comprehensive loss. Realized and unrealized gains and losses arising from the changes in the fair value of the financial liabilities held at FVTPL are included in the statement of operations and comprehensive loss in the period in which they arise. The Company's financial liabilities at FVTPL are comprised of deferred share unit liabilities.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current liabilities or non-current liabilities based on their maturity date. The Company's financial liabilities at amortized cost are comprised of trade and accrued payables and lease liability.

Financial liabilities are derecognized when they mature or expire, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition or financial liabilities classified as FVTPL or amortized cost are recognized in the statement of operations and comprehensive

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

loss. Gains or losses on financial liabilities classified as FVTOCI remain within accumulated other comprehensive income.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods:

<u>Exploration and evaluation assets</u>
The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate that the carrying value may be impaired, at which time an impairment loss is recorded.

<u>Receivables</u>
The Company reviews its receivables on a regular basis and makes estimates of any amounts which are not expected to be collected. If such doubt exists, an allowance for doubtful accounts will be recorded.

<u>Property and equipment</u>
The Company reviews the estimated useful lives of property and equipment at the end of each reporting period to ensure assumptions are still valid.

<u>Share-based payments</u>
The Company makes certain estimates and assumptions when calculating the fair values of stock options and warrants granted. The significant assumptions used include estimates of expected volatility, expected life and the expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of stock options and warrants.

<u>Functional currency</u>
The Company has determined the functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going concern

The Company must assess its ability to continue as a going concern. Factors that affect this determination include current cash and investments, budgeted expenditures for future periods and the conditions of the market for exploration companies.

New accounting pronouncements

During the year ended December 31, 2020, the Company adopted certain new accounting standards and pronouncements, none of which had a material impact on the Company's consolidated financial statements.

There are no other standards or IFRIC interpretations that are yet effective that would be expected to have a material impact on the Company.

4. CAPITAL MANAGEMENT

The capital structure of the Company consists of capital and equity comprising share capital, warrants, reserves and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. 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 which remains unchanged from the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities
Level 2 – valuation techniques based on inputs that are quoted prices or similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means
Level 3 – valuation techniques with significant unobservable market inputs

The Company does not have any level 2 or 3 fair value measurements, and there have been no transfers between levels.

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS (Continued)

As at December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets	$	$	$	$
Cash	1,704,898	-	-	1,704,898
Marketable securities	5,777,501	-	-	5,777,501
Total financial assets	7,482,399	-	-	7,482,399

As at December 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets	$	$	$	$
Cash	8,750,837	-	-	8,750,837
Marketable securities	3,505,000	-	-	3,505,000
Total financial assets	12,255,837	-	-	12,255,837

As at December 31, 2020	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial liabilites				
Deferred share unit liabilities	779,442	-	-	779,442
Total financial liabilities	779,442	-	-	779,442

As at December 31, 2019	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial liabilites				
Deferred share unit liabilities	485,896	-	-	485,896
Total financial liabilities	485,896	-	-	485,896

Financial Risk Factors

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed, which are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables, which is mainly comprised of government tax refunds. Management believes that the credit risk concentration with respect to financial instruments included in the receivables is not significant. The Company holds cash and invests it in interest bearing deposit accounts at its financial institution. Management believes that the associated credit risk for its invested cash is low.

5. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at December 31, 2020, the Company had cash of $1,704,898 to settle current liabilities of $404,727. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through equity or partnering transactions. All of the Company's financial liabilities are short-term in nature and are subject to normal trade terms.

Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect the Company's income or the value of its financial instruments.

(a) Interest rate risk –The Company's current policy is to invest excess cash in either interest bearing deposit accounts or Guaranteed Income Certificates ("GICs") issued by its financial institutions. Management believes it has minimal exposure to interest rate risk.

As at December 31, 2020, the Company held no short term investments (December 31, 2019 – three GICs with a combined principal of $3,600,000). As at December 31, 2020, the carrying value of the Company's short-term investments was $nil (December 31, 2019 - $3,663,824) including $nil of accrued interest (December 31, 2019 – $63,824).

(b) Foreign exchange risk - The Company transacts certain business in Euro, Swedish Kroner, U.S. Dollars and Mexican Pesos, and therefore is subject to foreign exchange risk on certain receivables, trade payables and cash balances. The Company attempts to mitigate these risks by managing its foreign exchange inflows and outflows. No hedging instruments have been used by the Company, however, depending upon the nature and level of future foreign exchange transactions, consideration may be given to the use of hedging instruments. The Company believes that it adequately manages its foreign exchange risk, and the risk is minimal.

The following table shows the net exposures in US dollars, Swedish Kroner and Euro at December 31, 2020.

	US$	**Euro**	**SEK**
Cash	**26,356**	**462,641**	**162,725**
Receivables	**-**	**133,762**	**19,763**
Trade payables	**-**	**(137,148)**	**(30,813)**
Net currency exposure	**26,356**	**459,255**	**151,675**

Based on the above currency exposures, a 10% change in the value of each currency to the value of the Canadian dollar would impact the Company's net loss by:

US$	**Euro**	**SEK**
2,636	**45,926**	**15,168**

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS (Continued)

(c) Equity risk – The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the December 31, 2020 value of the marketable securities every 10% increase or decrease in the share prices of these companies would have impacted the loss for the period, up or down, by approximately $577,750 (December 31, 2019 - $350,050).

6. RECEIVABLES

A summary of the Company's receivables is as follows:

	December 31, 2020	December 31, 2019
	$	$
Harmonized sales tax receivable	**12,151**	431,889
Value added tax receivable	**228,535**	346,790
Due from exploration partners	**-**	205,369
	240,686	984,048

7. MARKETABLE SECURITIES

Marketable securities consist of common shares listed on an active market that have been received pursuant to mineral property option agreements (Note 8). Changes in marketable securities outstanding are as follows:

	Total ($)
Cost	
December 31, 2019	**3,713,000**
Additions	**479,168**
December 31, 2020	**4,192,168**
Fair Value	
December 31, 2019	**3,505,000**
Additions	**479,168**
Unrealized gain (loss)	**1,793,333**
December 31, 2020	**5,777,501**
Cost	
December 31, 2018	**999,000**
Additions	**2,714,000**
December 31, 2019	**3,713,000**
Fair Value	
December 31, 2018	**1,197,000**
Additions	**2,714,000**
Unrealized gain (loss)	**(406,000)**
December 31, 2019	**3,505,000**

(Expressed in Canadian Dollars)

7. MARKETABLE SECURITIES (Continued)

The valuation of these shares has been determined in whole by reference to the bid price of the shares on the Exchange or the Canadian Securities Exchange ("CSE") at each reporting period.

8. EXPLORATION AND EVALUATION ASSETS

As at December 31, 2020

Geographical Area	Balance, Beginning of Year	Additions	Receipts From Partners	Properties Written Down	Balance, End of Year
	$	$	$	$	$
Finland	**21,411,308**	**8,933,395**	**(528,076)**	**(4,245)**	**29,812,382**
Sweden	**447,446**	**-**	**-**	**(447,446)**	**-**
United States	**19,475**	**1,593**	**-**	**-**	**21,068**
Mexico	**-**	**5,885**	**-**	**(5,885)**	**-**
	21,878,229	**8,940,873**	**(528,076)**	**(457,576)**	**29,833,450**

As at December 31, 2019

Geographical Area	Balance, Beginning of Year	Additions	Receipts From Partners	Properties Written Down	Balance, End of Year
	$	$	$	$	$
Finland	**13,608,827**	**10,809,245**	**(1,666,912)**	**(1,339,852)**	**21,411,308**
Sweden	**337,099**	**110,347**	**-**	**-**	**447,446**
United States	**601,018**	**24,152**	**-**	**(605,695)**	**19,475**
Mexico	**-**	**6,571**	**-**	**(6,571)**	**-**
	14,546,944	**10,950,315**	**(1,666,912)**	**(1,952,118)**	**21,878,229**

(a) On August 13, 2015, the Company signed a binding Letter Agreement with B2Gold Corp. ("B2Gold"), granting B2Gold the right to earn up to an undivided 75% interest of an approximately 25,000 ha project area that includes the Kutuvuoma and Ahvenjarvi projects in Finland. On January 18, 2016, the Company formalized a definitive Option Agreement ("Option Agreement") with B2Gold consistent with the terms of the binding Letter agreement signed on August 12, 2015.

Under the terms of the Option Agreement, B2Gold must complete $5,000,000 in exploration expenditures, pay the Company $50,000 cash and issue 550,000 B2Gold common shares over 4 years to earn an initial 51% interest. B2Gold can earn an additional 19% interest by spending a further $10,000,000 over 2 years. B2Gold can earn an additional 5% interest (for a total of 75%) by completing a bankable feasibility study. The first-year commitment of $750,000 in exploration expenditures, including 2,000 meters of drilling and payment of $50,000 cash and 50,000 B2Gold shares, is guaranteed. Over the period of January 18, 2016 to August 13, 2019, B2Gold fulfilled the

8. EXPLORATION AND EVALUATION ASSETS (Continued)

terms of the Option Agreement and the Company received a total of $50,000 in cash and 550,000 B2Gold common shares.

On August 1, 2019, the Company received the final 200,000 B2Gold common shares as per the Option Agreement at a value of $884,000 (Note 7). The carrying value of the properties under the Option Agreement was reduced to Nil and the remaining amount of $459,442 was recorded as a gain on property transactions in the consolidated statements of operations and comprehensive loss.

On August 13, 2019, the Company received a Notice of Exercise of Option from B2Gold confirming that B2Gold has fulfilled its obligations under the Option Agreement dated January 18, 2016, and that as of August 14, 2019, the Option is deemed to be exercised.

On August 14, 2019, the Company entered into a Shareholders Agreement ("Shareholders Agreement") with B2Gold for the management and operation of a new company to be incorporated upon exercise of the Option on August 13, 2019. Fingold Ventures Ltd. ("Fingold") was incorporated on August 14, 2019 (Note 9). The Kutuvuoma, Ahvenjarvi, Sore-Eksy, Tepsa and Sinermanpalo properties were transferred into Fingold and as per the terms of the Shareholders Agreement, B2Gold holds 51% and the Company holds 49% of Fingold share capital. B2Gold has the right to earn up to 75% in Fingold. B2Gold can earn an additional 19% by spending $10,000,000 within two years and earn a further 5% by funding all programs and budgets until the completion of a Feasibility Study.

(b) On January 6, 2011, the Company signed an Option Agreement with Genesis Gold Corp ("Genesis"), whereby it has an option to purchase a 100% interest in the Bull Property in east-central Nevada, subject to a 2% NSR, by making annual cash payments starting at US$10,000 (paid) increasing to a maximum US$125,000 beginning in 2016. The option to purchase can be executed at any time by making a one-time cash payment of US$3,000,000 less any payments already made.

On December 17, 2015, the Company signed a Letter Agreement to amend the terms of the Bull Option Agreement. Under the terms of the amendment, the lease payment for 2016 was reduced to US$10,000 and the lease payments for the years 2017 through 2027 were to remain at US$125,000 per year.

On November 5, 2016, the Company signed a Letter Agreement to amend the terms of the Bull Property Option Agreement with Genesis for the second time. Under the terms of the amendment, the lease payment for 2017 will be waived and the lease payments for the years 2018 through 2027 will remain at US$125,000 per year.

On December 1, 2017, the Company entered into a Restated Mineral Lease and Option to Purchase Agreement to replace the original agreement entered into with Genesis on January 6, 2011 for the Bull Property. Under the terms of the restated agreement, the annual lease payments will resume on December 1, 2018 at US$10,000 and increase annually to US$95,000 by 2028. Lease payments for the years 2029 through 2031 will be at US$100,000 per year.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

On September 30, 2019, the Company determined that the Bull project no longer holds merit for future development. The agreement with Genesis was terminated and all related costs were written down.

(c) On January 31, 2018, the Company signed a non-binding Letter of Intent ("LOI") with Kinross Gold Corporation ("Kinross"), granting Kinross the right to earn up to an undivided 70% interest in the Outa project, an area covering approximately 15,000 ha in Northern Finland. Under the terms of the LOI, Kinross must spend US$5,000,000 over 5 years to earn a 70% interest in the project and Kinross has agreed to expend a firm US$1,000,000 on exploration of the project within the first 2 years.

On August 17, 2018, the Company entered into an Option Agreement with Kinross pursuant to the terms of the LOI signed on January 31, 2018.

(d) On April 24, 2019, the Company entered into an option agreement with Strategic Resources Inc. ("Strategic") granting Strategic the option to earn a 100% interest in the Company's wholly owned Silasselka Vanadium Project in northern Finland. Under the terms of the option agreement, Strategic may acquire up to a 100% interest in the project by paying $500,000 cash, issuing 8,000,000 Strategic shares and incurring $3,000,000 in exploration expenditures, through a two stage earn-in over a period of three years. During the year ended December 31, 2019, the Company received $500,000 cash and 3,000,000 Strategic shares at a fair value of $1,830,000 (Note 7). The carrying value of the Silasselka Property was reduced to nil and the remaining amount of $1,973,695 was recorded as a gain on property transactions in the consolidated statements of operations and comprehensive loss. During the year ended December 31, 2020, the Company received 1,916,667 Strategic shares at a fair value of $479,168 (Note 7) which was reflected as a gain on property transactions in the consolidated statements of operations and comprehensive loss.

On June 16, 2020, the Company signed an agreement to amend the terms of the option agreement entered into with Strategic on April 24, 2019. Under the terms of the amending agreement, Strategic was granted a single option to acquire 100% interest in the Silasselka property by paying $500,000 and granting 8,000,000 common shares of Strategic over three years and, with the exception of expenditures required to keep the property in good standing, the requirement to incur a minimum of $3,000,000 in expenditures was waived.

(e) During the year ended December 31, 2020, the Company determined that the land permits in Sweden no longer hold merit for future development. The carrying value of the properties was reduced to nil by a write down of $447,446 recorded at December 31, 2020.

(Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATE

The Company has a 49% equity interest (4,900 common shares) in Fingold which was incorporated on August 14, 2019, subsequent to B2Gold exercising its Option on August 13, 2019 (See Note 8), pursuant to the Option Agreement entered into on January 18, 2016. The Company will not contribute any capital to Fingold until such time that B2Gold fulfills its commitment to spend $10 million in exploration expenditures pursuant to the terms of the Option Agreement.

	As at December 31, 2020
	$
Current assets	733,211
Non-current assets	11,797,557
Current liabilities	(4,669,898)
Non-current liabilities	-
Loss for the year	(981,188)
The Company's percent of ownership	49%

The following table is a reconciliation of the carrying value of the investment in Fingold:

	December 31, 2020
	$
Opening balance	-
Contribution from associate	4,332,608
Proportionate share of loss	(480,782)
Ending balance	3,851,826

10. RIGHT-OF-USE ASSETS

Upon transition to IFRS 16 at January 1, 2019, the Company identified one office lease for its corporate office space in St. John’s, NL. The continuity of ROU assets is as follows:

	December 31, 2020	December 31, 2019
	$	$
ROU assets, opening balance	98,102	132,726
Less, depreciation of ROU assets	(34,624)	(34,624)
ROU assets, ending balance	63,478	98,102

(Expressed in Canadian Dollars)

11. PROPERTY AND EQUIPMENT

	Computers	Furniture and Equipment	Total
	$	$	$
Cost:			
At December 31, 2019	247,136	308,149	555,285
Additions	5,248	12,678	17,926
Disposals	-	-	-
At December 31, 2020	252,384	320,827	573,211
Depreciation:			
At December 31, 2019	156,354	76,816	233,170
Additions	59,355	63,755	123,110
Disposals	-	-	-
At December 31, 2020	215,709	140,571	356,280
Carrying value:			
At December 31, 2019	90,782	231,333	322,115
At December 31, 2020	**36,675**	**180,256**	**216,931**

	Leasehold Improvements	Computers	Furniture and Equipment	Total
	$	$	$	$
Cost:				
At December 31, 2018	28,700	169,256	186,501	384,457
Additions	-	108,652	136,512	245,164
Disposals	-	(30,772)	(14,864)	(45,636)
At December 31, 2019	28,700	247,136	308,149	583,985
Depreciation:				
At December 31, 2018	16,400	115,347	42,279	174,026
Additions	12,300	71,779	43,431	127,510
Disposals	-	(30,772)	(8,894)	(39,666)
At December 31, 2019	28,700	156,354	76,816	261,870
Carrying value:				
At December 31, 2018	12,300	53,909	144,222	210,431
At December 31, 2019	**-**	**90,782**	**231,333**	**322,115**

(Expressed in Canadian Dollars)

12. LEASE LIABILITES

Upon transition to IFRS 16 at January 1, 2019, the Company identified one lease contract for its corporate office space in St. John's, NL that is reconciled to lease liabilities as follows:

	$
Operating lease obligations as at December 31, 2018	161,179
Effect from discounting at the incremental borrowing rate as at January 1, 2019 (1)	(28,453)
Lease liabilities due to intial application of IFRS 16 at January 1, 2019	132,726

(1) The lease liabilities were discounted using an incremental borrowing rate at January 1, 2019 of 10% per annum.

The continuity for the lease liabilities is as follows:

	December 31, 2020	December 31, 2019
	$	$
Lease liabilities, opening balance	**106,885**	132,726
Less, lease payments	**(43,476)**	(37,995)
Interest expense	**9,143**	12,154
Lease liabilites, ending balance	**72,552**	106,885
Less, current portion of lease liabilities	**(34,332)**	(34,332)
Non-current portion of lease liabilities	**38,220**	72,553

13. SHAREHOLDERS' EQUITY

Share Capital

Authorized

An unlimited number of common shares with no par value
An unlimited number of preferred shares issuable in series

On January 16, 2020, the Company issued 40,000 common shares pursuant to the exercise of stock options for gross proceeds of $44,000 ($1.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $30,209 in connection with the exercise.

On January 17, 2020 and February 11, 2020, the Company issued 1,487 common shares pursuant to the exercise of warrants for gross proceeds of $1,561 ($1.05 per warrant). The Company also recorded a fair value transfer between warrants reserve and share capital of $732 in connection with the exercise.

On January 17, 2020 and February 11, 2020, the Company issued 2,430 common shares pursuant to the exercise of warrants for gross proceeds of $3,645 ($1.50 per warrant). The Company also recorded a fair value transfer between warrants reserve and share capital of $1,683 in connection with the exercise.

13. SHAREHOLDERS' EQUITY (Continued)

Issued during the year ended December 31, 2019:

On March 1, 2019, the Company issued 15,000 common shares pursuant to the exercise of stock options for gross proceeds of $3,900 ($0.26 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $3,895 in connection with the exercise.

On April 10, 2019, the Company announced the completion of a brokered and a non-brokered private placement for an aggregate of 6,166,300 common shares issued at a price of $1.05 for gross proceeds of $6,474,615.

Under the brokered financing, a total of 5,476,300 common shares were issued at a price of $1.05 for gross proceeds of $5,750,115. The brokered financing was led by Haywood Securities Inc. on behalf of a group of underwriters (the "underwriters") which included Canaccord Genuity Corp., Medalist Capital Ltd., Sprott Capital Partners LP and PI Financial Corp. In consideration for their services, the underwriters received a cash commission of $345,007, equal to 6.0% of the gross proceeds of the brokered private placement and 328,578 broker warrants, equal to 6.0% of the common shares issued under the brokered private placement. The broker warrants can be exercised to purchase common shares at $1.05 for a period of two years. The fair value of the broker warrants granted was estimated at $161,853 ($0.49 per warrant) based on the Black-Scholes pricing model, with the following assumptions: risk-free interest rate of 1.46%, volatility of 87%, dividend yield of 0%, forfeiture rate of 0% and an expected life of 2 years. The Company incurred other costs of $215,809 in cash for total share issuance costs in connection with the brokered and non-brokered private placement of $722,669.

Under the non-brokered financing, a total of 690,000 common shares were issued for gross proceeds of $724,500. The non-brokered financing was fully subscribed by Kinross who exercised their pro rata right granted pursuant to a prior financing to maintain a 9.98% interest in the issued and outstanding shares of the Company.

On July 31, 2019, the Company announced the completion of a brokered and a non-brokered private placement for an aggregate of 7,403,666 common shares issued at a price of $1.50 for gross proceeds of $11,105,499.

Under the brokered private placement, a total of 6,666,666 common shares were issued at a price of $1.50 for gross proceeds of $9,999,999. The brokered private placement was led by Cormark Securities Inc. on behalf of a group of underwriters (the "underwriters") which included Canaccord Genuity Corp., Medalist Capital Ltd., Sprott Capital Partners LP and PI Financial Corp. In consideration for their services, the underwriters received a cash commission of $600,000, equal to 6.0% of the gross proceeds of the brokered financing and 400,000 broker warrants, equal to 6.0% of the common shares issued under the brokered financing. The broker warrants can be exercised to purchase common shares at $1.50 for a period of two years.

The fair value of the broker warrants granted was estimated at $276,964 ($0.69 per warrant) based on the Black-Scholes pricing model, with the following assumptions: risk-free interest rate of 1.55%, volatility of 85%, dividend yield of 0%, forfeiture rate of 0% and an expected life of 2 years. The Company

13. SHAREHOLDERS' EQUITY (Continued)

incurred other costs of $179,311in cash for total share issuance costs in connection with the brokered and non-brokered private placement of $1,056,275.

Under the non-brokered financing, a total of 737,000 common shares were issued for gross proceeds of $1,105,500. The non-brokered financing was fully subscribed by Kinross who exercised their pro rata right granted pursuant to a prior financing to maintain a 9.98% interest in the issued and outstanding shares of the Company.

On August 7, 2019, the Company issued 200,000 common shares pursuant to the exercise of stock options for gross proceeds of $20,000 ($0.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $19,000 in connection with the exercise.

On August 14, 2019, the Company issued 2,530 common shares pursuant to the exercise of warrants for gross proceeds of $2,657 ($1.05 per warrant). The Company also recorded a fair value transfer between warrants reserve and share capital of $1,246 in connection with the exercise.

On September 12, 2019, the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of $55,000 ($1.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $37,761 in connection with the exercise.

On September 23, 2019, the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of $55,000 ($1.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $37,761 in connection with the exercise.

On October 8, 2019, the Company issued 60,000 common shares pursuant to the exercise of stock options for gross proceeds of $66,000 ($1.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $45,315 in connection with the exercise.

On October 10, 2019, the Company issued 25,000 common shares pursuant to the exercise of stock options for gross proceeds of $27,500 ($1.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $18,877 in connection with the exercise.

On October 17, 2019, the Company issued 1,650 common shares pursuant to the exercise of warrants for gross proceeds of $1,733 ($1.05 per warrant). The Company also recorded a fair value transfer between warrants reserve and share capital of $813 in connection with the exercise.

On November 23, 2019, the Company issued 75,000 common shares pursuant to the exercise of stock options for gross proceeds of $82,500 ($1.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of $56,644 in connection with the exercise.

Preferred shares

The preferred shares which have been authorized may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights,

(Expressed in Canadian Dollars)

13. SHAREHOLDERS' EQUITY (Continued)

privileges, restrictions and conditions attached to the shares of each series. No preferred shares have been issued from incorporation to December 31, 2020.

Deferred Share Units

The Company has a Deferred Share Unit Plan ("DSU Plan") under which Deferred Share Units may be granted to directors, officers and employees of the Company. The purpose of the Company's DSU Plan is to advance the interests of the Company by: (i) aligning the interests of directors, officers and employees with the interests of the shareholders; (ii) encouraging directors, officers and employees to remain associated with the Company; and (iii) furnishing directors, officers and employees with an additional incentive in their efforts on behalf of the Company. DSUs are redeemable upon departure from the Company, at the holder's option, and will be settled in cash from the general assets of the Company. The fair value of DSUs granted will be recorded as a bookkeeping entry on the books of the Company, the value of which on any particular date being equal to the market value of the Company shares.

Changes in DSUs outstanding are as follows:

	December 31, 2020	
	Granted	**Vested**
Balance, December 31, 2019	**716,786**	**78,035**
Granted	**610,312**	**-**
Vested	**-**	**238,929**
Balance, December 31, 2020	**1,327,098**	**316,964**

	December 31, 2019	
	Granted	**Vested**
Balance, December 31, 2018	**234,101**	**-**
Granted	**482,685**	**-**
Vested	**-**	**78,034**
Balance, December 31, 2019	**716,786**	**78,034**

The fair value of DSU liability was marked to market at December 31, 2020 and as a result, the total DSU liability was $779,442 (December 31, 2019 - $485,896).

During the year ended December 31, 2020 the Company recognized $293,546 in share-based payment expense relating to DSUs outstanding with the offset recorded as a deferred share unit liability.

(Expressed in Canadian Dollars)

13. SHAREHOLDERS' EQUITY (Continued)

The following is a summary of DSUs granted to officers, directors and employees for the year ended December 31, 2020:

Grant date	# DSUs granted	Market value*	Vesting details
31-Mar-20	140,845	$ 0.71	1/3 on each of first, second and third anniversaries of grant
30-Jun-20	78,125	$ 1.28	1/3 on each of first, second and third anniversaries of grant
29-Jul-20	162,602	$ 1.23	1/3 on each of first, second and third anniversaries of grant
30-Sep-20	78,740	$ 1.27	1/3 on each of first, second and third anniversaries of grant
31-Dec-20	150,000	$ 1.10	1/3 on each of first, second and third anniversaries of grant
	610,312		

* Volume weighted average trading price for 5 days prior to grant date

During the year ended December 31, 2019 the Company recognized $463,419 in share-based payment expense relating to DSUs outstanding with the offset recorded as a deferred share unit liability.

The following is a summary of DSUs granted to officers, directors and employees for the year ended December 31, 2019:

Grant date	# DSUs granted	Market value*	Vesting details
26-Apr-19	75,000	$ 1.00	1/3 on each of first, second and third anniversaries of grant
14-May-19	41,237	$ 0.97	1/3 on each of first, second and third anniversaries of grant
30-Jun-19	55,147	$ 1.36	1/3 on each of first, second and third anniversaries of grant
5-Sep-19	104,396	$ 1.82	1/3 on each of first, second and third anniversaries of grant
30-Sep-19	45,181	$ 1.66	1/3 on each of first, second and third anniversaries of grant
2-Dec-19	124,224	$ 1.65	1/3 on each of first, second and third anniversaries of grant
31-Dec-19	37,500	$ 2.02	1/3 on each of first, second and third anniversaries of grant
	482,685		

* Volume weighted average trading price for 5 days prior to grant date

Stock options

The Company has a Stock Option Plan under which options to purchase common shares in the Company may be granted to directors, officers, key employees and consultants of the Company. The maximum number of options which may be granted to directors, officers, key employees and consultants of the Company, under the stock option plan is equivalent to 10% of the issued and outstanding common shares of the Company. The exercise price for the options is set by the Company at an amount equal to the Exchange trading price on the day preceding the date the options are granted, less any applicable discount as permitted by the Exchange policies as decided by the Company. The exercise period for the options is determined by the Company at the time the options are granted and shall not exceed ten years. Vesting terms for the options are also determined by the Company at the time of grant.

(Expressed in Canadian Dollars)

13. SHAREHOLDERS' EQUITY (Continued)

Changes in stock options outstanding are as follows:

	December 31, 2020	
	Number	**Weighted-Average Exercise Price ($)**
Balance, December 31, 2019	**7,685,000**	**1.17**
Granted	**100,000**	**1.38**
Exercised	**(40,000)**	**(1.10)**
Expired	**-**	**-**
Balance, December 31, 2020	**7,745,000**	**1.17**

	December 31, 2019	
	Number	**Weighted-Average Exercise Price ($)**
Balance, December 31, 2018	**6,250,000**	**0.95**
Granted	**1,910,000**	**1.76**
Exercised	**(475,000)**	**(0.65)**
Expired	**-**	**-**
Balance, December 31, 2019	**7,685,000**	**1.17**

The following table summarizes information about stock options outstanding and exercisable:

	Total Outstanding Options			Total Exercisable Options		
Exercise Price ($)	**Number of Outstanding Options**	**Remaining Contractual Life**	**Weighted-Average Exercise Price ($)**	**Number of Exercisable Options**	**Remaining Contractual Life**	**Weighted-Average Exercise Price ($)**
0.10	1,800,000	0.05	0.10	1,800,000	0.05	0.10
0.26	175,000	0.50	0.26	175,000	0.50	0.26
1.00	400,000	2.05	1.00	400,000	2.05	1.00
1.05	275,000	2.96	1.05	275,000	2.96	1.05
1.10	1,110,000	2.18	1.10	1,110,000	2.18	1.10
1.38	100,000	4.58	1.38	-	4.58	1.38
1.67	300,000	3.89	1.67	300,000	3.89	1.67
1.75	1,975,000	1.28	1.75	1,975,000	1.28	1.75
1.78	1,510,000	3.68	1.78	1,510,000	3.68	1.78
1.79	100,000	3.92	1.79	100,000	3.92	1.79
	7,745,000	1.85	1.17	7,645,000	1.82	1.17

13. SHAREHOLDERS' EQUITY (Continued)

Share-based payment reserve

The stock option reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

During the year ended December 31, 2020, the Company recorded share-based payment expense of $1,626,272 which represents the fair value of stock options vested, granted and accrued with offsetting amount credited to reserves.

On July 28, 2020, the Company granted 100,000 stock options to a director, exercisable at a price of $1.38 per share until July 28, 2025. The fair value of the stock options granted was estimated at $0.99 per option based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 0.33%, volatility of 109.24%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on January 28, 2021 and 50% on July 28, 2021.

During the year ended December 31, 2019, the Company recorded share-based payment expense of $1,414,146 which represents the fair value of stock options vested, granted and accrued with offsetting amount credited to reserves.

On September 5, 2019, the Company granted 1,510,000 stock options to directors, officers, employees and consultants, exercisable at a price of $1.78 per share until September 5, 2024. The fair value of the stock options granted was estimated at $1.41 per option based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.49%, volatility of 124.67%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on March 5, 2020 and 50% on September 5, 2020.

On November 21, 2019, the Company granted 300,000 stock options to an employee, exercisable at a price of $1.67 per share until November 21, 2024. The fair value of the stock options granted was estimated at $1.31 per option based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.46%, volatility of 123.78%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on May 21, 2020 and 50% on November 21, 2020.

On December 2, 2019, the Company granted 100,000 stock options to a director, exercisable at a price of $1.79 per share until December 2, 2024. The fair value of the stock options granted was estimated at $1.40 per option based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.46%, volatility of 122.62%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on June 2, 2020 and 50% on December 2, 2020.

Expired stock options and warrants reserve

The expired stock options and warrants reserve records the value of any stock options or warrants that have expired unexercised.

(Expressed in Canadian Dollars)

13. SHAREHOLDERS' EQUITY (Continued)

Warrants

Changes in warrants outstanding are as follows:

	Number	Weighted-Average Exercise Price ($)
Balance, December 31, 2019	**724,398**	**1.30**
Exercised	**(3,917)**	**1.33**
Balance, December 31, 2020	**720,481**	**1.30**

	Number	Weighted-Average Exercise Price ($)
Balance, December 31, 2018	**321,291**	**1.32**
Issued	**728,578**	**1.30**
Exercised	**(4,180)**	**1.05**
Expired	**(321,291)**	**(1.32)**
Balance, December 31, 2019	**724,398**	**1.30**

The following table summarizes information about warrants outstanding:

Number of Outstanding Warrants	Exercise Price ($)	Expiry Date
322,911	1.05	April 10, 2021
397,570	1.50	July 31, 2021
720,481		

14. INCOME TAXES

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

	2020	2019
	$	$
Net loss for the year	**(2,877,371)**	(5,360,492)
Expected income tax recovery	**(863,000)**	(1,608,000)
Permanent differences	**222,000**	826,000
Change in statutory, foreign tax, foreign exchange rates and othe	**(143,000)**	296,000
Share issuance costs	**-**	(402,000)
Change in unrecognized deductable temporary differences	**784,000**	888,000
Total income tax expense (recovery)	**-**	-

(Expressed in Canadian Dollars)

14. INCOME TAXES (Continued)

(b) The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2020	2019
	$	$
Deferred tax assets		
Exploration and evaluation assets	**776,000**	584,000
Property and equipment	**225,000**	11,000
Financing costs and other	**562,000**	671,000
Non-capital losses available for future period	**4,178,000**	3,691,000
	5,741,000	4,957,000
Unrecognized deferred tax assets	**(5,741,000)**	(4,957,000)

(c) The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2020	**expiry date range**	2019	expiry date range
	$		$	
Exploration and evaluation assets	**2,923,000**	**no expiry date**	1,913,000	no expiry date
Property and equipment	**1,030,000**	**no expiry date**	36,000	no expiry date
Financing costs and other	**1,872,000**	**2041 to 2043**	2,395,000	2040 to 2043
Non-capital losses available for future period	**13,943,000**	**2025 onwards**	13,771,000	2025 onwards
Canada	**8,802,000**	**2026 to 2040**	8,842,000	2026 to 2039
USA	**3,967,000**	**2031 onwards**	4,798,000	2031 onwards
Mexico	**33,000**	**2025 to 2030**	29,000	2025 to 2029
Finland	**1,091,000**	**2028 to 2030**	-	2028
Sweden	**50,000**	**no expiry date**	102,000	no expiry date
	13,943,000		13,771,000	

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

(Expressed in Canadian Dollars)

14. INCOME TAXES (Continued)

(d) The Company has Canadian non-capital losses of approximately $10,868,000 (2019- $8,843,000) which are available to reduce future taxable income. These non-capital losses expire as follows:

	$
2028	**123,000**
2029	**296,000**
2030	**332,000**
2031	**782,000**
2032	**634,000**
2033	**662,000**
2034	**458,000**
2035	**583,000**
2036	**506,000**
2037	**1,309,000**
2038	**1,388,000**
2039	**1,825,000**
2040	**1,970,000**
	10,868,000

The Company also has available Canadian development expenses of approximately $40,000 (2019 - $40,000) and Canadian exploration expenses of $20,000 (2019 - $20,000) which may be deducted in determining Canadian taxable income of future years. The Company also has available exploration and development expenses incurred in foreign jurisdictions which can be deducted from taxable income of future years in those jurisdictions. The Company has not recognized the potential future income tax benefits related to all of its deductible temporary differences including its non-capital losses and exploration and development expenses.

15. SUPPLEMENTAL CASH FLOW INFORMATION

	For the year ended December 31, 2020	For the year ended December 31, 2019
Non-cash investing and financing activities	**$**	$
Contribution from associate (Note 9)	**4,332,608**	-
Receipt of marketable securities as consideration for option payments (Note 7)	**479,167**	2,714,000
Exploration and evalution costs remaining in trade payables and accrued liabilities	**220,713**	940,508
Exploration and evaluation costs remaining in receivables	-	205,369
Fair value of warrants issued (Note 13)	-	438,817
Right-of-use assets (Note 10)	-	132,726

(Expressed in Canadian Dollars)

15. SUPPLEMENTAL CASH FLOW INFORMATION (Continued)

	For the year ended December 31, 2020	For the year ended December 31, 2019
Changes in non-cash operating working capital	**$**	$
Change in receivables	**537,993**	(377,642)
Change in prepaid expenses	**(14,259)**	(354,917)
Change in trade payables and accrued liabilities	**(168,483)**	77,135
	355,251	(655,424)

16. RELATED PARTY TRANSACTIONS

The following represents a summary of transactions with key management of the Company:

	Year ended December 31, 2020	2019
	$	$
Michael Basha, President	**312,974**	523,228
Matti Talikka, CEO	**168,936**	30,021
Mark Serdan, CFO	**239,377**	344,329
Mark Santarossa, VP Corporate Development	**393,884**	265,938
Other Directors	**272,755**	118,360
	1,387,926	1,281,876
Amounts expensed as:		
Salary and other short-term benefits for the President	**200,000**	200,000
Salary and other short-term benefits for the CEO	**33,333**	-
Salary and other short-term benefits for the CFO	**150,000**	150,000
Salary and other short-term benefits, VP Corp Dev	**125,000**	62,500
Directors' Fees	**78,333**	80,000
Share-based compensation	**801,260**	789,376
	1,387,926	1,281,876

17. SUBSEQUENT EVENTS

On January 14, 2021, the Company issued 1,800,000 common shares pursuant to the exercise of stock options for gross proceeds of $180,000 ($0.10 per share).

On February 23, 2021, the Company announced the completion of a marketed private placement (the "Offering") and a non-brokered private placement for an aggregate of 13,425,033 common shares issued at a price of $0.85 for gross proceeds of $11,411,278.

17. SUBSEQUENT EVENTS (Continued)

Under the Offering, a total of 11,855,033 common shares were issued at a price of $0.85 for gross proceeds of $10,076,778. The Offering was led by Cormark Securities Inc. on behalf of a syndicate of agents (collectively, the "Agents") including Canaccord Genuity Corp., Haywood Securities Inc, and PI Financial Corp. In consideration for their services, the Agents received a cash commission of $537,723, equal to 5.5% of the gross proceeds of the marketed private placement, other than in respect to certain purchasers on a president's list (the "President's List"), in which case such cash commission was reduced to 2.75%. Additionally, the Agents received 632,615 broker warrants (the "Broker Warrants") such a number equal to 5.5% of the number of Common Shares issued under the Offering, other that in respect of certain purchasers on the President's List, in which case such number of Broker Warrants was reduced to 2.75%. The Broker Warrants are exercisable at a price of $0.85 per common share for a period of two years from the closing of the Offering.

Under the non-brokered financing, a total of 1,570,000 common shares were issued for gross proceeds of $1,334,500. The non-brokered financing was fully subscribed by Kinross who exercised their pro rata right granted pursuant to a prior financing to maintain a 9.98% interest in the issued and outstanding shares of the Company.

On March 17, 2021, the Company granted 1,965,000 stock options to directors, officers, employees and consultants, exercisable at a price of $0.95 per share until March 9, 2026.

On March 31, 2021, the Company issued 530,488 DSUs to certain officers under its DSU plan at a market value of $0.82 per DSU. These DSUs will vest one third on each of March 31, 2022, March 31, 2023, and March 31, 2024.