fjordland EXPLORATION INC.

ANNUAL REPORT

December 31, 2020

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December 31, 2020
(Canadian Funds)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Fjordland Exploration Inc.

Opinion

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Guy Thomas.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

March 16, 2021

FJORDLAND EXPLORATION INC.
Statements of Financial Position
December 31
(Expressed in Canadian Dollars)

	Note		**2020**		2019
Assets					
Current					
Cash		$	310,690	$	685,964
Receivables	5		4,410		38,232
Prepaids			155		155
			315,255		724,351
Deposits	6		17,491		15,191
Mineral Properties	7		1,962,106		1,634,590
Right of Use Asset	8		65,085		14,122
		$	2,359,937	$	2,388,254
Liabilities					
Current					
Accounts payable and accrued liabilities	9	$	27,874	$	27,066
Lease liability	8		38,371		15,069
			66,245		42,135
Lease Liability	8		27,788		-
			94,033		42,135
Shareholders' Equity					
Share Capital	11		18,857,708		18,673,208
Share-based Payments Reserve			792,571		757,228
Deficit			(17,384,375)		(17,084,317)
			2,265,904		2,346,119
		$	2,359,937	$	2,388,254

Nature and continuance of operations *(Note 1)*
Commitment *(Note 13)*
Subsequent events *(Note 15)*

Approved and authorized by the Board on March 16, 2021

On behalf of the Board: *"James Tuer"* James Tuer *"Victor Tanaka"* Victor A. Tanaka

See accompanying notes to the financial statements

FJORDLAND EXPLORATION INC.
Statements of Loss and Comprehensive Loss
For the Years Ended December 31
(Expressed in Canadian Dollars)

	Note		**2020**		2019
General and administrative expenses					
Accounting and audit	10	$	56,244	$	58,000
Administration fees	10		38,400		36,000
Depreciation	8		27,160		21,756
Filing fees			13,439		6,459
Financing costs	8		3,027		2,651
Legal fees			6,978		502
Marketing			28,678		20,067
Management fees	10		62,500		-
Office and printing			18,067		9,243
Rent			5,955		3,631
Share-based compensation	10,11(c)		186,398		10,295
Transfer agent fees			3,049		2,967
Wages and benefits			1,218		792
			(451,113)		(172,363)
Operator fees			-		260
Mineral properties written-down	7		-		(44,029)
Loss and comprehensive loss for the year		$	(451,113)	$	(216,132)
Basic and diluted loss per share		$	(0.01)	$	(0.00)
Weighted average shares outstanding			48,555,142		47,595,668

See accompanying notes to the financial statements

FJORDLAND EXPLORATION INC.
Statements of Cash Flows
For the Years Ended December 31
(Expressed in Canadian Dollars)

		2020		2019
Cash provided by (used in):				
Operating activities				
Loss for the year	$	(451,113)	$	(216,132)
Items not affecting cash:				
Depreciation		27,160		21,756
Finance costs		3,027		2,651
Share-based compensation		186,398		10,295
Mineral properties written-down		-		44,029
Net change in non-cash working capital:				
Receivables		33,822		30,169
Prepaid expenses		-		(4)
Accounts payable		743		(4,277)
		(199,963)		(111,513)
Investing activities				
Recoveries mineral properties		25,000		112,875
Acquisition and exploration costs related to mineral properties		(167,951)		(176,603)
Deposits		(2,300)		84,583
Lease payments		(30,060)		(23,460)
		(175,311)		2,605
Change in cash		(375,274)		(114,118)
Cash position - beginning of year		685,964		800,082
Cash position - end of year	$	310,690	$	685,964
Income taxes paid	$	-	$	-
Interest paid	$	-	$	-

Supplemental Disclosure with Respect to Cash Flows *(Note 14)*

FJORDLAND EXPLORATION INC.
Statements of Changes in Shareholders' Equity
For the Years Ended December 31

(Expressed in Canadian Dollars)

	Share Capital		Share-based Compensation		Total Shareholder's
	No. of Shares	Amount	Reserve	Deficit	Equity
Balance, December 31, 2018	**47,463,339**	**$18,622,865**	**$888,670**	**$(16,980,579)**	**$2,530,956**
Issued for other consideration					
Mineral properties	300,000	21,000	-	-	21,000
Transfer to share capital on expiry of warrants	-	29,343	(29,343)		
Transfer to deficit on expiry of options	-	-	(112,394)	112,394	-
Share-based compensation	-	-	10,295	-	10,295
Loss for the year	-	-	-	(216,132)	(216,132)
Balance, December 31, 2019	**47,763,339**	**18,673,208**	**757,228**	**(17,084,317)**	**2,346,119**
Issued for other consideration					
Mineral properties	2,350,000	184,500	-	-	184,500
Transfer to deficit on expiry of options	-	-	(151,055)	151,055	-
Share-based compensation	-	-	186,398	-	186,398
Loss for the year				(451,113)	(451,113)
Balance, December 31, 2020	**50,113,339**	**$18,857,708**	**$792,571**	**$(17,384,375)**	**$2,265,904**

See accompanying notes to the financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Fjordland Exploration Inc. (the "Company" or "Fjordland") was incorporated on September 19, 1996 pursuant to the *Company Act* (British Columbia) and the common shares were listed for trading on the TSX Venture Exchange ("Exchange"). The Company is in the process of actively exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company is considered to be in the exploration stage and does not have operating cash flow.

The Company's head office, principal address and registered and records office is 1100, 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The Company has successfully completed a financing subsequent to December 31, 2020 (Note 15) and estimates it will have sufficient funds to continue operations for the upcoming twelve months.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in the future.

2. STATEMENT OF COMPLIANCE

These financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical basis, using the accrual basis of accounting except for cash flow information. The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated.

These financial statements were authorized for issue by the Board of Directors on March 16, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of mineral properties and valuation of share-based payments.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

i) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

ii) Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

i) Going concern

The Company has exercised judgement in determining that its available funds are insufficient to continue operations for the ensuing year.

(c) Cash

Cash consists of cash on hand and demand deposits that are subject to an insignificant risk of change in value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Mineral Properties

Once the legal right to explore a property has been obtained, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not accrued. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be tested for impairment, then reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result those exploration and evaluation costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is 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.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, may be subject to unregistered prior agreements, transfers or land claims, or may be non-compliant with regulatory requirements.

(e) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Environmental (continued)

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

(f) Restoration Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(g) Financial Instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

On initial recognition, a financial asset is classified as and measured at: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is available on an investment-by-investment basis.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments (continued)

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For 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.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

The Company has classified and measured its financial instruments as follows:

- Cash is classified as FVTPL
- Receivables are classified as amortized cost
- Deposits are classified as amortized cost
- Accounts payable is classified as amortized cost
- Lease liability is classified as amortized cost

(h) Leases

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset (“ROU asset”), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset to asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct costs, less any incentives received. It is subsequently measured at cost less accumulated amortization, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is amortized from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable under any residual value guarantee;
- exercise price under a purchase option that the Company is reasonably certain to exercise:
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option: and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in profit or loss in the period in which they are incurred.

The ROU assets are presented within “Right-of-use Asset” and the lease liabilities are presented in “Current Portion of Lease Liability” and “Non-Current Portion of Lease Liability” on the statement of financial position.

(i) Income Taxes

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

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income Taxes (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

(j) Warrants Issued In Equity Financing Transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency fees or other transaction costs (finder's warrants) are compensatory in nature and are assigned a value based on the Black-Scholes pricing model and included in reserves. Upon expiry, the recorded value is transferred to share capital.

When warrants are exercised, any reserves related to those warrants are reclassified from reserves to share capital.

(k) Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. The fair value of the options is measured at the date of grant. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(l) Flow-Through Shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss on a pro rata basis at the same time the qualifying expenditures are made.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow- through regulations. When applicable, this tax is accrued and recorded to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. All options and warrants outstanding have been excluded from the calculation as they are considered anti-dilutive.

(n) Segmented information

The Company has one operating segment, mineral acquisition and exploration, and operates in one geographical segment, being Canada.

(o) New accounting policies

None

4. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, deposits, accounts payable, accrued liabilities and advances. The fair value of these financial instruments, other than cash, approximates their carrying value, unless otherwise noted. Cash is measured at fair value using level 1 inputs.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company’s cash is held in major Canadian financial institutions. The Company’s receivables consist of GST receivable and a tax credit receivable that are due from government agencies. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements. The Company is exposed to liquidity risk.

Foreign Exchange Risk

The Company is not exposed to significant foreign exchange risk as it operates in Canada and does not undertake any significant foreign currency transactions.

(expressed in Canadian Dollars)

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company defines its capital as shareholder's equity.

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

In order to facilitate the management of its capital requirements, the Company prepares periodic expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on demand deposit in an interest bearing Canadian chartered bank account. The Company is not subject to any externally imposed capital restrictions.

5. RECEIVABLES

The Company's receivables are as follows:

	December 31, 2020	December 31, 2019
GST receivable	$ 4,410	$ 2,096
Government exploration tax credit	-	36,136
	$ 4,410	$ 38,232

6. DEPOSITS

	December 31, 2020	December 31, 2019
Office lease deposit	$ 7,210	$ 4,910
Exploration deposits	10,281	10,281
	$ 17,491	$ 15,191

(expressed in Canadian Dollars)

7. MINERAL PROPERTIES

A summary of mineral property expenditures is as follows:

	S Voisey Bay LB	North Thompson Nickel Belt MB	Renzy QC	Total
Cost				
Balance December 31, 2018	1,639,006	-	-	1,639,006
Additions:		-	-	
Acquisition costs	36,000	-	-	36,000
Claims maintenance	6,723	-	-	6,723
Drilling	3,495	-	-	3,495
Field office	260	-	-	260
Geology	148,375	-	-	148,375
Government exploration tax credit	(134,011)	-	-	(134,011)
Cost recoveries	(21,229)	-	-	(21,229)
Mineral properties written down	(44,029)	-	-	(44,029)
Balance December 31, 2019	1,634,590	-	-	1,634,590
Additions:				
Acquisition costs	49,500	85,000	155,234	289,734
Claims maintenance	5,712	-	-	5,712
Data verification	-	1,600	1,816	3,416
Field office	-	4,706	-	4,706
Geology	1,872	21,401	-	23,273
Geophysics	-	25,675	-	25,675
Cost recoveries	(25,000)	-	-	(25,000)
Balance, December 31, 2020	$1,666,674	$138,382	$157,050	$1,962,106

(a) South Voisey's Bay, Labrador

Commander Agreement

The Company, in September 2014 as amended November 2014, entered into a Memorandum of Understanding ("MOU") with Commander Resources Ltd ("Commander") whereby the Company was granted an option to earn a 75% undivided interest in the South Voisey's Bay property.

The Company has earned a 15% interest in the property by having expended $350,000 in exploration costs prior to the option agreement expiration on August 15, 2015.

The Company, in June 2017, entered into a Letter of Intent ("LOI") with Commander Resources Ltd ("Commander") whereby the Company was granted a series of options to earn an additional 85% undivided interest in the South Voisey's Bay property by incurring the following cash, exploration expenditures and share issuance:

i) 20% interest - 200,000 common shares (issued) and $600,000 (incurred) in exploration expenditures on or before October 31, 2017

7. MINERAL PROPERTIES (continued)

(a) South Voisey's Bay, Labrador (continued)

Commander Agreement (continued)

ii) 40% interest - $10,000 (paid) and 250,000 common shares (issued at a value of $47,500) on or before July 26, 2018
$15,000 (paid) and 300,000 common shares (issued at a value of $21,000) on or before July 26, 2019
$25,000 (paid) and 350,000 common shares (issued at a value of $24,500) on or before July 26, 2020
$40,000, 400,000 common shares and $2,400,000 in exploration expenditures on or before October 31, 2021

iii) 25% interest - $200,000, 3,000,000 common shares and $5,000,000 in exploration expenditures on or before October 31, 2024.

A 2% net smelter returns royalty ("NSR") will be granted upon exercising the final payment. 1% of the NSR may be repurchased for consideration of $5,000,000. Upon commencement of commercial production, an advanced royalty payment will be made in the amount of $10,000,000.

HPX agreement

On September 5, 2017, the Company entered into an agreement with HPX BC Holdings Inc. ("HPX"), an affiliate of Ivanhoe Industries, LLC. Under the terms of the agreement, HPX has subscribed by means of a private placement and has been issued 14,000,000 units of the Company for proceeds of $1,400,000. In addition, HPX has the option to incur, on behalf of the Company, $7,400,000 in exploration expenditures by October 31, 2024 ($2,600,000 incurred to date) and to make $290,000 property payments ($50,000 received to date). If the funding is completed and the Company acquires a 100% interest in the South Voisey's Bay project, the Company has agreed to assign a 65% project interest to HPX.

As at December 31, 2020, the Company has earned an aggregate 35% interest in the property. HPX may also nominate two directors if they maintain equity ownership of between 10-50%, and three directors if greater than 50%.

HPX also maintains an anti-dilution right, such that they have the right to participate in future financings to maintain their ownership percentage.

Consortium agreement

On July 24, 2018, the Company signed a letter of intent with a consortium of private claim holders. ("The Consortium") granting the Company the option to acquire a 100% interest in certain mining claims located in the South Voisey's area, Labrador. Under the terms of the agreement, the Company has the option to pay to The Consortium $110,000 ($20,000 - paid) and incur $120,000 in exploration expenditures over a period of three years. The Consortium retains a 3% NSR that may be reduce to 1% by paying $600,000 for the first 1% reduction and $1,200.000 for the second 1% reduction.

During fiscal 2019, as a result of terminating the Consortium agreement, the Company wrote off capitalized acquisition and exploration costs of $44,029 related to specific claim blocks.

7. MINERAL PROPERTIES (continued)

(b) North Thompson Nickel Belt, Manitoba

On April 28, 2020, the Company entered into an option agreement with CanAlaska Uranium Ltd ("CanAlaska") whereby the Company was granted options to acquire up to an 80% interest in the Hunter and Strong properties in Manitoba. Under the terms of the agreement, the Company can earn, over a six-year period, its interest by incurring the following cash, share issuance and exploration expenditures:

i) On signing - $25,000 (paid) and 1,000,000 common shares (issued at a value of $60,000)

ii) 49% interest - $1,500,000 in exploration expenditures on or before May 27, 2022

iii) 21% interest - $50,000 and 1,500,000 common shares and $2,500,000 in exploration expenditures on or before May 27, 2024

iv) 10% interest - $75,000 and 6,000,000 common shares and $5,000,000 in exploration expenditures on or before May 27, 2026

Upon completion of each stage of exploration the Company may elect to proceed to the next stage or in the alternative continue by means of a joint venture. In the event that the Company has earned a minimum 70% project interest and a feasibility study yields certain minimum values the Company will then issue to CanAlaska an additional 10,000,000 common shares. Pursuant to the joint venture, the parties may contribute to ongoing exploration expenditures on a pro-rata basis or elect to dilute to a 10% interest in which event their interest will convert to a 2% NSR. In the event that CanAlaska is the party granted the 2% NSR they will be entitled to an advance royalty payment upon commercial production. This payment will be equal to 2% of the capital cost of the mine and will be capped at $10,000,000.

(c) Renzy, Quebec

On December 7, 2020, the Company entered into an option agreement with Quebec Precious Metals Corporation ("QPM") whereby the Company may acquire a 100% interest in certain mineral claims known as the Volcain claims in Hainaut Township, Quebec. Under the terms of the agreement, the Company can earn its interest by paying $50,000 (paid), issuing 1,000,000 common shares (issued at a value of $100,000) and incurring exploration expenditures of $1,000,000 during the five-year option term.

QPM will retain a 1% NSR of which the Company may repurchase 0.5% of the NSR for consideration of $500,000 and the remaining 0.5% for $2,500,000. A pre-existing 1% NSR is payable to Jacques Duval and 1% NSR payable to Andre Gauthier of which the Company may repurchase 0.5% for the sum of $250,000; and the remaining 0.5% for the sum of $250,000, to each of Gauthier and Duval.

In November 2020, Company acquired by staking additional claims contiguous with the Volcain claims. In accordance with the option agreement, any property staked within the area of interest will be deemed for all purposes to be part of and comprised in the property.

(d) Milligan West, British Columbia

In February 2013, the Company and Serengeti Resources Inc. consolidated certain claims located in north central British Columbia into the Milligan West project. Initially ownership was shared equally however, as a result of the Company electing not to participate in the 2019 exploration program it's interest has been diluted to 42.3% (2019 – 42.4%).

(expressed in Canadian Dollars)

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Under IFRS 16 – *Leases*, the Company assesses whether a contract is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

The Company identified a single contract that is a lease as defined under IFRS 16. In analyzing the identified agreements in relation to its head office space in Vancouver, BC, the Company applied the lessee accounting model pursuant to IFRS 16 and considered all of the facts and circumstances surrounding the inception of the contract (but not future events that are not likely to occur). Lease liabilities were calculated with a discount rate of 10%.

The Company entered into a new office lease agreement commencing September 1, 2020 and terminating on August 31, 2022.

A reconciliation of the carrying amount of the lease liability is as follows:

Lease liability		
January 1, 2019	$	35,878
Lease payments		(23,460)
Lease interest (finance costs)		2,651
December 31, 2019		15,069
Additions		78,123
Lease payments		(30,060)
Lease interest (finance costs)		3,027
December 31, 2020	$	66,159
Current portion of lease liability		38,371
Non-current portion of lease liability		27,788

Maturity analysis – contractual undiscounted cash flows		
Less than one year	$	43,260
One to five years		28,840
More than five years		-
Total undiscounted lease liability	$	72,100

Right-of-use asset		
January 1, 2019	$	35,878
Depreciation		(21,756)
December 31, 2019		14,122
Additions		78,123
Depreciation		(27,160)
December 31, 2020	$	65,085

(expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	December 31, 2020	December 31, 2019
Trades payables	$ 4,136	$ 1,328
Accruals	23,738	25,738
	$ 27,874	$ 27,066

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including share-based compensation, of key management personnel during the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Administration fees	$ 38,400	$ 36,000
Accounting fees	36,000	36,000
Management fees	62,500	-
Share-based compensation	140,635	-
	$ 277,535	$ 72,000

11. SHARE CAPITAL

(a) Authorized

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

(b) Issued Share Capital

On May 28, 2020, the Company issued 1,000,000 common shares, with a fair value of $60,000 or $0.06 per share as consideration towards the acquisition of mineral property (Note 7(b))

On July17, 2020, the Company issued 350,000 common shares, with a fair value of $24,500 or $0.07 per share as consideration towards the acquisition of mineral property (Note 7(a))

On December 18, 2020, the Company issued 1,000,000 common shares, with a fair value of $100,000 or $0.10 per share as consideration towards the acquisition of mineral property (Note 7(c))

(expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

(c) Stock Options (continued)

On July 23, 2019, the Company issued 300,000 common shares, with a fair value of $21,000 or $0.07 per share as consideration towards the acquisition of mineral property (Note 7(a))

In July 2020, the Company received shareholder approval for a 10% Rolling Stock Option Plan. Stock options are granted to directors, officers and consultants. The vesting period for stock options is at the discretion of the Board of Directors. The exercise price is set by the Board of Directors at the time of grant and determined by reference to the market value on the date of grant.

Stock option transactions are summarized as follows:

	December 31, 2020		December 31, 2019	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of year	2,341,000	$0.32	3,260,000	$0.30
Granted	2,725,000	$0.07	-	-
Expired/Forfeited	(450,000)	$0.34	(919,000)	$0.25
Outstanding at end of year	4,616,000	$0.17	2,341,000	$0.32

As at December 31, 2020, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Options	Exercisable	Expiry Date	Exercise Price
766,000	766,000	September 12, 2022	$0.55
1,125,000	1,125,000	June 28, 2023	$0.165
2,225,000	2,112,500	June 5, 2025	$0.07
500,000	500,000	August 5, 2025	$0.07
4,616,000	4,503,500		

The fair value of options on the grant date was $154,198 and $34,852 (2019 - $Nil) or $0.069 (2019 - $Nil) per option. Total share-based compensation expense recognized for the options that vested during the year was $186,398 (2019 - $10,295).

The fair value of the options granted during the year were estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	June 5, 2020	August 5, 2020
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	233.02%	229.39%
Risk-free interest rate	0.52%	0.34%
Forfeiture rate	0.00%	0.00%
Expected life of options	5 year	5 year

(expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

(d) Warrants

Fiscal 2020

None

Fiscal 2019

Exercise Price	Expiry Date	Outstanding at December 31, 2018	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at December 31, 2019
$0.20	February 18, 2019	3,875,000	-	-	(3,875,000)	-
$0.20	March 11,2019	1,483,000	-	-	(1,483,000)	-
$0.20	March 27, 2019	7,000,000	-	-	(7,000,000)	-
		12,358,000			(12,358,000)	-
	Weighted average	$0.20	-	-	$0.20	-

12. INCOME TAXES

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

	2020	2019
Loss for the year	$(451,113)	$(216,132)
Expected Income tax (recovery)	$(122,000)	$(58,000)
Change in statutory rates and other	(27,000)	2,000
Permanent difference	50,000	3,000
Change in unrecognized deductible temporary differences	99,000	53,000
Total income tax expense (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets that have been included on the statements of financial positions are as follows:

	2020	2019
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$1,485,000	$1,511,000
Property and equipment	41,000	41,000
Non-capital losses available for future period	1,605,000	1,482,000
	3,133,000	3,034,000
Unrecognized deferred tax assets	(3,133,000)	(3,034,000)
Net deferred tax assets	$ -	$ -

(expressed in Canadian Dollars)

12. **INCOME TAXES** (continued)

The significant components of the Company's temporary differences, and unused tax losses that have not been included on the statements of financial position are as follows:

	2020	Expiry Date Range	2019	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	$5,234,000	No expiry date	$5,327,000	No expiry date
Investment tax credit	100,000	2027 to 2032	100,000	2027-2032
Property and equipment	151,000	No expiry date	151,000	No expiry date
Allowable capital losses	1,000	No expiry date	1,000	No expiry date
Non-capital losses available for future period	5,943,000	2026 to 2039	5,493,000	2026 to 2039

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

13. COMMITMENT

The Company has remaining commitment of $72,100 for its office lease expiring on August 31, 2022 (Note 8) payable as to $43,260 in 2021 and $28,840 in 2020.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had non-cash transactions as follows:

	2020	2019
Significant non-cash investing and financing activities:		
Investing activities		
Mineral properties expenditures included in accounts payable and accrued liabilities	$ 65	$ -
Mineral property recoveries included in account receivable	-	36,136
Right-of-use asset/lease liability recognized	78,123	35,878
Shares issued for mineral properties	184,500	21,000
Advance applied to mineral property	-	6,229
Financing activities		
Expiration of options and warrants	$ 151,055	$ 141,737

15. SUBSEQUENT EVENTS

On January 12, 2021, the Company granted 300,000 stock options to a director and a consultant with an exercise price of $0.105 exercisable for a period of five years.

On February 12, 2021, the Company completed a non-brokered private placement for the issuance of 25,000,000 units at $0.10 per unit. Each unit and finder's unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.175 per common share until February 12, 2023. The expiry date of each whole warrant is subject to acceleration. The Company paid finder's fees of $44,850 and issued 171,000 finder's units.