DESERT GOLD VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in US Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Desert Gold Ventures Inc.

Opinion

We have audited the accompanying consolidated financial statements of Desert Gold Ventures Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) and for the year 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 its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $2,723,056 for the year ended December 31, 2020 and has an accumulated deficit of $47,659,095 at December 31, 2020. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Desert Gold Ventures Inc. for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on June 15, 2020.

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 Catherine Tai.

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

April 30, 2021

DESERT GOLD VENTURES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US dollars)

	Note	December 31, 2020	December 31, 2019
		$	$
ASSETS			
Current assets			
Cash		3,910,341	204,379
Marketable securities	6	47,125	5 -
Receivables		49,004	23,148
Prepaid		13,006	6,216
		4,019,477	233,743
Non-current assets			
Equipment	3	13,628	30,004
Total assets		4,033,105	263,747
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities	4,9	457,542	316,928
Shareholders' equity (deficiency)			
Share capital	8	32,334,013	26,571,115
Accumulated other comprehensive income		277,186	200,878
Reserves		18,623,459	18,110,865
Deficit		(47,659,095)	(44,936,039)
		3,575,563	(53,181)
Total liabilities and shareholders' equity (deficiency)		4,033,105	263,747

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 13)

Approved for issuance by the board of directors on April 30, 2021

"Sonny Janda"	*"Jared Scarf"*
Director - Sonny Janda	**Director - Jared Scarf**

The accompanying notes are an integral part of these consolidated financial statements

DESERT GOLD VENTURES INC.

Consolidated statements of loss and comprehensive loss

(Expressed in US dollars)

Year ended December 31,	**Note**	**2020**	**2019**
Amortization	3	30,998	16,825
Investors and shareholders relationship		156,859	80,242
Office and administration		15,009	24,168
Professional and consulting fees	9	419,964	360,782
Prospecting rights and exploration	5	1,816,585	6,295,981
Rent	9	42,373	30,184
Share-based compensation	8	215,856	393,568
Transfer agent and listing fees		60,093	151,004
Travel		-	63,597
Loss before the following:		(2,757,737)	(7,416,351)
Change in fair value of marketable securities	6	(7,455)	-
Gain on extinguishment of accounts payable and note payable	7,9	59,863	-
Foreign exchange		(17,727)	(9,846)
Net loss		(2,723,056)	(7,426,197)
Other comprehensive loss:			
Foreign exchange translation gain		76,308	2,763
Total comprehensive loss		(2,646,748)	(7,423,434)
Weighted average number of outstanding common shares, basic and diluted		113,515,608	63,891,720
Loss per share, basic and diluted		(0.02)	(0.12)

The accompanying notes are an integral part of these consolidated financial statements

DESERT GOLD VENTURES INC.
Consolidated statements of cash flows
(Expressed in US dollars)

Year ended December 31,	**2020**	**2019**
	$	$
OPERATING ACTIVITIES		
Loss for the year	(2,723,056)	(7,426,197)
Adjustments for non-cash items:		
Amortization	30,998	16,825
Foreign exchange	17,727	9,846
Interest expense	5,500	-
Change in fair value of marketable securities	7,455	-
Gain on write off on accounts payable and promissory note	(59,863)	-
Mineral expenditure paid by the Company's share	17,816	-
Receipt of marketable securities for recovery of		
exploration expenditures	(54,580)	-
Share-based compensation	215,856	393,568
Share issued for expensed acquisition of Ashanti Gold Corp.	-	4,208,211
Changes in non-cash working capital items:		
Receivables	(25,857)	(10,968)
Prepaid	(6,790)	(6,216)
Accounts payable and accrued liabilities	181,942	(32,823)
Cash used in operating activities	(2,392,852)	(2,847,754)
INVESTING ACTIVITIES		
Purchase of equipment	(13,040)	-
Cash used in investing activities	(13,043)	-
FINANCING ACTIVITIES		
Repayment of note payable	(105,000)	(183,252)
Promissory note advance	110,000	-
Net proceeds from share issuance	6,032,128	3,125,183
Cash provided by financing activities	6,037,128	2,941,931
Effect of foreign exchange rate on cash	74,729	(2,129)
Increase in cash	3,705,962	92,048
Cash, beginning of year	204,379	112,331
Cash, end of year	3,910,341	204,379

The accompanying notes are an integral part of these consolidated financial statements

DESERT GOLD VENTURES INC.
Consolidated statements of change in shareholders' equity (deficiency)

(Expressed in US dollars)

	Number	Amount	Subscription receivable	Reserve			Accumulated other comprehensive income	Deficit	Total
				Others	Warrants	Option			
		$	$	$	$	$			$
December 31, 2018	**38,306,258**	**19,274,667**	**175,920**	**13,755,601**	**682,763**	**3,061,113**	**198,115**	**(37,509,842)**	**(361,663)**
Shares issued for cash	28,805,043	3,220,867	(175,920)	-	85,190	-	-	-	3,130,137
Shares issued to acquire mineral interests	3,250,000	307,107	-	-	-	-	-	-	307,107
Shares issued to acquire Ashanti Gold Corp.	22,729,038	3,768,474	-	-	132,544	86	-	-	3,901,104
Share-based compensation		-	-	-	-	393,568	-	-	393,568
Foreign currency translation adjustment	-	-	-	-	-	-	2,763	-	2,763
Loss for the year	-	-	-	-	-	-	-	(7,426,197)	(7,426,197)
December 31, 2019	**93,090,339**	**26,571,115**	**-**	**13,755,601**	**900,497**	**3,454,767**	**200,878**	**(44,936,039)**	**(53,181)**
Shares issued for private placement	40,428,356	5,423,051	-	-	305,670	-	-	-	5,728,721
Shares issued for warrant exercise	3,834,438	304,944	-	-	(1,132)	-	-	-	303,812
Shares issued for option exercise	75,000	17,087	-	-	-	(7,800)	-	-	9,287
Shares issued for mineral interest (Note 5)	250,000	17,816	-	-	-	-	-	-	17,816
Shares cancellation	(559,960)	-	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	215,856	-	-	215,856
Foreign currency translation adjustment	-	-	-	-	-	-	76,308	-	76,308
Loss for the year	-	-	-	-	-	-	-	(2,723,056)	(2,723,056)
December 31, 2020	**137,118,173**	**32,334,013**	**-**	**13,755,601**	**1,205,035**	**3,662,823**	**277,186**	**(47,659,095)**	**3,575,563**

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Desert Gold Ventures Inc. (the "Company") is an exploration stage company and is engaged in the acquisition, exploration and development of mineral resource properties. The principal business of the Company is conducting mineral property exploration in Mali and Rwanda. The Company's shares are traded on the TSX Venture Exchange (the "TSX-V") under the symbol DAU.

The head office and principal address is located at 9648-128th Street, Suite 210, Surrey, BC, V3T 2X9.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not include adjustments that would be necessary if the going concern assumption is not appropriate.

The Company incurred a net loss of $2,723,056 for the year ended December 31, 2020 and has an accumulated deficit of $47,659,095 at December 31, 2020. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuing operations and its ability to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and/or to seek joint venture partners. Although the Company has been successful at raising capital in the past, there is no assurance that the Company will be able to raise adequate financing on terms that are acceptable to the Company, if at all. Based on its current plans, budgeted expenditures, and cash requirements, management believes the Company would need to raise additional capital to accomplish its business objectives thereafter.

At the time these consolidated financial statements were prepared, the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company's business and financing opportunities and access to mineral properties to conduct exploration activities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing at the properties, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The consolidated financial statements of the Company for the year ended December 31, 2020 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 30, 2021.

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries of the Company are as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation and presentation

These consolidated financial statements have been prepared on an historical cost basis, modified where applicable. These statements have been prepared using the accrual basis of accounting except for cash flow information, are presented in US dollars, unless otherwise specified.

Name	Country of incorporation	Ownership percentage December 31, 2020	Ownership percentage December 31, 2019
TransAfrika Belgique S.A. (dormant)	Belgium	100%	100%
Desert Gold Ltd. (formerly TransAfrika Rwanda Gold S.A.R.L.)	Rwanda	100%	100%
TransAfrika Senegal S.A. (dormant)	Senegal	100%	100%
GoldBanks Nevada Ventures Inc. (dormant)	USA	100%	100%
Ashanti Gold Corp. (dormant)	Canada	100%	100%
Ashanti Gold Mali S.A.R.L.(dormant)	Mali	100%	100%
Desert Gold Mali S.A.R.L.	Mali	100%	100%
Etruscan Resources Mali SARL (dormant)	Mali	100%	100%
Legend Mali Holdings (BVI) Inc.(dormant)	BVI	100%	100%

The Company has various dormant subsidiaries that hold the interests in resources properties.

Functional and reporting currency

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in United States dollar, which is the Company's reporting currency. The functional currency of the Company and its Canadian subsidiary Ashanti Gold Corp. is the Canadian dollar. The functional currency of other subsidiaries is the United States dollar, except for Desert Gold Mali S.A.R.L, which assesses CFA Franc to be its functional currency.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of loss and comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant estimates and assumptions

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's accumulated other comprehensive income reserve in equity. These differences are recognized in profit or loss in the period in which the operation is disposed.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Significant Judgements

The most significant judgments in applying the Company's accounting policies in these consolidated financial statements are:

Title to Mineral Property Interests
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Determination of Functional Currency
The Company determines the functional currency through its analysis of several indicators such as expenses and cash flow, financing activities, and frequency of transactions with the reporting entity.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments.

Significant Estimates
Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

Recoverability and measurement of deferred tax assets
In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Assumptions used to assess share-based compensation
In assessing the fair value of stock options granted and vested, the Company applies Black-Scholes Option pricing model. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. The Company has not recorded any provisions for any of the financial years presented

Mining exploration

Mineral property acquisition and exploration costs are expensed as incurred. When a decision is taken that a commercially viable mineral deposit has been established all further pre-production expenditures including evaluation costs are capitalized. Cash flows associated with exploration and evaluation expenditures are classified as operating activities in the statement of cash flows.

Impairment

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

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in net loss.

Amortization
Amortization in profit or loss is provided on a straight-line basis over the estimated useful life of the assets as follows:

- Drilling and exploration equipment 20%
- Office equipment 33%
- Furniture and fixtures 33%

Financial Instruments

Classification
The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial assets
On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (continued)

Impairment of financial assets
IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company’s receivables. An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

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

Financial liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) financial liabilities at 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. Accounts payable and accrued liabilities are classified as and carried on the statement of financial position at amortized cost.

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

Gains and losses on derecognition are generally recognized in profit or loss. The Company does not have any derivative financial assets and liabilities.

Fair value of Warrants

Warrants issued in unit private placements are valued using the residual method. Warrants issued as compensation from financings are valued using the Black–Scholes Option Pricing model. When warrants are issued, the fair value is recorded in the warrant reserve, with the corresponding entry to share capital. When warrants are exercised, their fair value is removed from the warrant reserve account and recorded as share capital.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Related parties

For the purpose of these financial statements parties are considered to be related to the Company if they have the ability to directly or indirectly control the Company or exercise significant influence over the Company in making financial and operating decisions or vice versa or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

Share-based payments

The Company operates a stock option plan. Share-based payments to directors, officers, employees and consultants are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(Expressed in US dollars)

3. EQUIPMENT

	Exploration equipment	Office equipment	Furniture and fixtures	Total
Cost:	$	$	$	$
December 31, 2019 and 2018	-	43,082	41,044	84,126
Addition	13,043	-	-	13,043
Effect of foreign exchange	923	4,092	3,898	8,913
December 31, 2020	13,966	47,174	44,942	106,082
Amortization:				
At December 31, 2018	-	19,101	18,196	37,297
Charge for the year	-	8,616	8,209	16,825
At December 31, 2019	-	27,717	26,405	54,122
Charge for the year	2,609	14,538	13,851	30,998
Effect of foreign exchange	184	3,662	3,488	7,334
December 31, 2020	**2,793**	**45,917**	**43,744**	**92,454**
Net book value:				
At December 31, 2019	-	15,365	14,639	30,004
At December31, 2020	**11,173**	**1,257**	**1,198**	**13,628**

4. ACCOUNT PAYABLES AND ACCRUED LIABILITIES

The Company’s accounts payable and accrued liabilities consisted of the following:

	December 31, 2020	December 31, 2019
Trade payable	$ 262,230	$ 283,013
Accrued liabilities	195,312	33,915
	$ 457,542	$ 316,928

5. EXPLORATION AND EVALUATION PROPERTIES

The Company is an exploration stage Company which holds various mineral property interests.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of resource properties in Mali and Rwanda.

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

MALI – SMSZ Projects

In Mali, the Company is operating two projects. The projects are referred to as, Senegal Mali Shear Zone (“SMSZ”) and Djimbala.

SMSZ: This Project consists of i) Farabantourou Project; ii) 100% interest of the Farikounda Project (acquired in 2019 through the acquisition of Ashanti Gold Corp.); iii) an option agreement with Mineral Management Consulting (“MMC”) (“MMC Option”) to acquire certain concessions; iv) two-concession block (the “Sebessounkoto Sud” Project and “Djelimangara” Project, collectively the “Altus Permits”); v) an option agreement (“SUD Option”) for the acquisition of a 95% interest in Linguekoto Property; vi) an option agreement (the “Harmattan Option”) for the acquisition of all the rights of a research permit in the Sola West area.

i) Farabantourou Project - The Company’s Farabantourou project consists of a small-scale mining license issued in October 2018 for four years and a Farabantourou exploration permit (the “Farabantourou Permit”) issued in November 2018 for an initial 3-year term renewal for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of $151,000, $ 364,000, and $406,000 during the first, second, and third years respectively for the maintenance of the Farabantourou Permit.

ii) Farikounda Permit – The Company acquired this property in 2019 through the acquisition of Ashanti Gold Corp. (“Ashanti”). Details of the acquisition and the related mineral interests are as follows:

On August 22, 2019, the Company acquired Ashanti by issuance of shares, replacement warrants and options. At the transaction date, the Company determined that Ashanti did not constitute a business as defined under IFRS 3, Business Combinations, and the transaction was accounted for as an asset acquisition. Consideration paid was $4,058,677 including $3,903,974 of shares, warrants, options issued to Ashanti’s shareholders and assumption of net liabilities of $154,703.

Ashanti’s two mineral interests are:

- An option agreement to earn interest for a mining permit in Ghana (a)
- An exploration permit in Mali (the “Farikounda Permit”) (b)

(a) On September 14, 2016, Ashanti entered into an option agreement for the Anumso Project in Ghana (the “Anumso Option”) with Goldplat PLC (“Goldplat”) whereby Ashanti earned an 51% of the Anumso Project in February 2019. The Company allowed this option to lapse in April 2021.

(b) The Farikounda permit in Mali was renewed in November 2019 for three years with the option to renew for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of $173,000, $459,000, and $380,000 during the first, second, and third years respectively. The seller of this property retains a 1.5% NSR on this property. The Company has the right to purchase some or all of the 1.5% NSR by paying CAD$100,000 for each 0.1% NSR purchased.

When the Company acquired the Farikounda permit through the acquisition of Ashanti, the Farikounda permit was held by a Malian subsidiary Ashanti Gold Mali S..A.R.L ("Ashanti Mali") whereby a minority shareholder had a 5% interest. During the year ended December 31, 2020, the Company paid $80,000 to acquire this remaining 5% interest in Ashanti Mali from the minority shareholder.

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

iii) MMC Option - During the year ended December 31, 2019, the Company entered into an option agreement with MMC to acquire a 100% interest in certain properties. The Company will earn a 100% interest in the Project satisfying the following headline terms:

- Payment of CAD $500,000, of which CAD $250,000 was paid in July 2019 to earn an initial 55% interest with the balance of CAD $250,000 to be paid over a three year period;
- The issuance of 1,000,000 common shares to MMC in four equal instalments of which 250,000 shares were issued in August 2019 (with a value of $35,974) and the remaining instalments are to be issued annually over a three year period.

On May 5, 2020, the Company issued 250,000 common shares with fair value of $17,816 and paid $74,550 (CAD$100,000) to MMC to fulfil the annual instalment obligation for fiscal 2020.Incur exploration expenditures of CAD $350,000 over a three year period.

The underlying exploration permit of this property was renewed in 2019 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of $137,000, $455,000, and $464,000 during the first, second, and third years respectively.

MMC shall retain a 2% NSR on all ore mined from the properties.

During the three year option period, the Company will be responsible for maintaining the permit in good standing and performing any and all obligations required by law and will take over operation control of the projects on closing of the transaction with MMC.

iv) Altus Permits - In August, 2019 the Company entered into an agreement with Altus Strategies PLC (“Altus”) to acquire a 100% interest in Altus’ Sebessounkoto Sud and Djelimangara projects (collectively the Altus Permits”). Terms of the agreement are as follows:

Part 1: Consideration

Upon signing of the agreement, the Company will:

- Within 5 business days make a cash payment of $50,000 to Altus (paid in October 2019); and
- Within 14 business days and subject to any regulatory approval as may be required, issue 3,000,000 common shares to Altus (issued in October 2019).

Part 2: Milestone payments:

Upon the reception of a NI 43-101 compliant independent resource over the Project, which exceeds 500,000 ounces of gold, the Company will (in respect of the first 500,000 ounces only):

- Within 5 business days make a cash payment of $100,000 to Altus; and
- Within 14 business days and subject to any regulatory or shareholder approvals as may be required, issue 2,000,000 common shares to Altus.

Upon the reception of a NI 43-101 compliant independent resource over the Project which exceeds 1,000,000 ounces of gold, then the Company will (in respect of the second 500,000 ounces only):

- Within 5 business days make a cash payment of $100,000 to Altus; and
- Within 14 business days and subject to any regulatory or shareholder approvals as may be required, issue 3,000,000 shares to Altus.

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

iv) Altus Permits (continued)

Part 3: Project Royalties

Altus will retain a 2.5% NSR ("Altus NSR") royalty on the Project.

The Company will have the right to purchase up to 1.5% of the Altus NSR. The amount payable by the Company to Altus will be calculated by reference to the NI 43-101 gold reserve figure reported in an independent definitive feasibility study on the Project as follows:

- $6,000,000 if the reserve is greater than 1,000,000 ounces;
- $3,000,000 if the reserve is less than 1,000,000 ounces but greater than 500,000 ounces;
- $1,000,000 if the reserve is less than 500,000 ounces but greater than 250,000 ounces;
- Furthermore, the Company will have a 60-day right of first refusal, to acquire such portion of the balance of the Altus NSR that Altus may, from time to time, wish to sell.

Altus will provide the Company a 10-day written notice of any intention to sell any of its shares of the Company. During that 10-day period, the Company will have the right to find a third party to acquire such shares of the Company directly from Altus.

The Sebessounkoto Sud project is comprised of an exploration permit renewed in July 2018 for three years with the option to renew for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of $118,000, $420,000 and $664,000 during the first, second, and third years respectively.

The Djelimangara project is comprised of an exploration permit renewed in October, 2019 for two years without a renewable option.

v) SUD Option - In September 2019, the Company entered into an option agreement with SUD Mining SARL ("SUD") to secure the right to acquire a 95% interest in the Linguekoto property (the "Linguekoto Project").

Terms of this option agreement are as follows:

- The Company will pay SUD $150,000, of which $50,000 was paid upon closing of the transaction in October 2019 with the balance of $100,000 to be paid over a three (3) year period;
  - During fiscal 2020, the Company paid $40,000 to fulfil the annual instalment obligation;
- Incur exploration expenditures of $120,000 over a three (3) year period.

During the three year option period, the Company will be responsible for maintain the permit in good standing and perform any and all obligations required by law;

In the event that, within 60 months from the transaction date, 100,000 oz Au, NI 43-101 compliant reserves are discovered at Linguekoto, the Company will issue 250,000 common shares to SUD. The Company will issue an additional 250,000 common shares for every additional 100,000 ounces of gold, NI compliant 43-101 reserves declared at Linguekoto, up to a maximum aggregate amount of 1,250,000 shares;

SUD will retain a 5% carried interest, in the concession, before any interest retained by the government of Mali.

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

v) SUD Option (continued)

The underlying exploration permit of the SUD option was renewed in September 2019 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of $122,000, $251,000 and $263,000 during the first, second, and third years respectively.

vi) Harmattan Option - During the year ended December 31, 2020, the Company entered into an option agreement with Harmattan Consulting SARL (the “Optionor”) to acquire a 95% interest in the rights of a research permit (the “Sola West Permit”) of the Sola West Concession.

Terms of the option agreement are as follows:

- Cash payment of $20,548 (12 million Mali CFA) to the Optionor for the option fees and taxes in connection with the mineral interests (paid);
- Issuance of 100,000 common shares of the Company to the Optionor (issued in March 2021) (Note 13).

At the completion of the above payments, the Company would have acquired:

- the rights to carry out operations on the Sola West Permit;
- the exclusive option to acquire a 100% interest in the Permit after payments of the following:
    - $30,822 (18 million Mali CFA) within 5 days at the publication of the Sola West Licensing Order (subsequently paid in the first quarter of 2021);
    - $77,055 (45 million Mali CFA) and 100,000 common shares of the Company on or before June 5, 2021 (issued in March 2021) (Note 13)
    - 56,507 (33 million Mali CFA) and 50,000 common shares of the Company on or before June 5, 2022.

The underlying exploration permit of the Harmattan Option was renewed in December 2020 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of $138,000, $315,000 and $175,000 during the first, second, and third years respectively.

After the Sola West Permit is transferred to the Company, the Company will pay $56,507 (33 million Mali CFA) within ten days after the transfer and issue 50,000 common shares of the Company to the Optionor.

Within 10 days after the Company informs the Optionor of the production decision of the Sola West Permit, the Company will pay:

- $250,000 in the event of mining operation based on a feasibility study that indicates proven and probable reserves of a maximum 500,000 oz of gold;
- $1 per ounce for the exploitation of a deposit based on a feasibility study that indicates proven and probable reserves between 500,000 to 1,000,000 oz of gold.

In addition of the above, the Company will grant a 2% NSR in connection with the Sola West Permit. The Company has the right at any time to purchase 1% of the NSR for $1,000,000.

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

MALI – Djimbala Project

The Company received the permit in October 2019 for an initial 3-year term, with an option to renew for two additional 2-year term. The Company is required to incur minimum exploration expenditures of $135,000, $ 351,000, and $391,000 during the first, second, and third years respectively.

Indigo Option
On April 9, 2020, the Company signed a four-year option agreement with Indigo Exploration Inc ("Indigo"), whereby Indigo can acquire up to 100% interest in the Djimbala Permit by the issuance of Indigo's shares and completion of work program.

Issuing shares to the Company as follows:

- Issue common shares with a value of CAD$50,000 when the option agreement was signed (1,000,000 common shares received in 2020 with value of CAD$70,000),
- Issue common shares with value of CAD$300,000 within a three-year period after the option agreement was signed.

Consideration for the initial 51% staged over a two year period is as follows:
- Incur CAD$400,000 in exploration expenditures prior to April 30, 2022.

Consideration for the remaining 49% interest is to be paid prior to April 30, 2024 and is as follows:
- Incur CAD$600,000 in exploration expenditures prior to April 30, 2024.

Upon Indigo's 100% earn in, the Company will a 2% "NSR" of which 1% NSR could be purchased at any time for CAD$1,000,000 by Indigo.

The Company received $62,000 of exploration funding from Indigo during fiscal 2020 to be applied towards the required work expenditures. As at December 31, 2020, an unspent amount of $27,484 was included in the Company's accounts payable and accrued liabilities.

RWANADA Project

The Company holds a commercial gold mining license which is valid for a period of 10 years with an option to renew.

(Expressed in US dollars)

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

Summary of exploration expenditures

Exploration expenditures incurred during the year ended December 31, 2020 are as follow:

	SMSZ Project	Djimbala Project	Rwanda Project	Total
	$	$	$	$
Acquisition of 5% Farikounda Permit	80,000	-	-	80,000
Annual option payment - MMC Option	93,183	-	-	93,183
Annual option payment - SUD Option	40,000	-	-	40,000
Permit renewal and maintenance	38,516	-	-	38,516
Drilling	556,096	34,516	-	590,612
Geo-analysis	252,406	-	-	252,406
Camp, supplies, and office	308,130	-	3,700	311,830
Salaries	479,336	-	17,400	496,736
Exploration expenses reimbursed by Indigo	-	(34,516)	-	(34,516)
Receipt of option payment- Indigo shares	-	(52,182)	-	(52,182)
Total	1,847,667	(52,182)	21,100	1,816,585

Exploration expenditures incurred during the year ended December 31, 2019 are as follow:

	SMSZ Project	Rwanda Project	Total
	$	$	$
Acquisition	4,662,696	-	4,662,696
Permit renewal and maintenance	125,509	-	125,509
Drilling	406,297	-	406,297
Office and others	659,932	-	659,932
Salaries	417,547	24,000	441,547
Total	6,271,981	24,000	6,295,981

6. MARKETABLE SECURITIES

As at December 31, 2020, the Company held 1,000,000 shares of Indigo with a fair value of $47,125 (Note 5). An unrealized loss of $7,455 has been recorded in the statement of loss and comprehensive loss for the year ended December 31, 2020.

7. NOTE PAYABLE

On March 3, 2020, the Company borrowed $110,000 from a Canadian public company. Fees of $10,000 have been paid. The Company granted the lender a general and continuing collateral security. This loan borne interest of 10% per annum and was due on May 31, 2020. In September 2020, the Company fully settled this promissory note (principal plus accrued interest) for $105,000 and a gain for the settlement $10,500 has been recorded.

8. SHARE CAPITAL

(a) Share capital

Authorized share capital

Unlimited number of common shares without par value; and 1,250,000 preferred shares issuable in series with rights and restrictions to be determined by the directors prior to any issuances.

Issued share capital

<u>2020</u>
On May 5, 2020, the Company issued 250,000 common shares with a value of $17,816 to MMC to fulfil its obligation for the acquisition of MMC Option (Note 5).

On May 8, 2020, the Company raised CAD $1,283,000 through the sale of 16,037,500 units at CAD$0.08 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of CAD$0.15 per share for a period of three years after issuance. In connection with closing, the Company paid finders' fees of CAD $47,390 and issue 592,375 non-transferable brokers warrants with a value of CAD$39,568. Each broker warrant entitles the holder to purchase one common share of the Company at a price of CAD$0.15 for a period of three years. CAD$ 13,000of subscription fund was applied towards accounts payable.

On August 28, 2020, the Company issued 24,390,856 units at CAD$0.28 per unit for gross proceeds of CAD$6,829,440. Each unit consists of one half of a warrant. Each warrant can be exercised into one common share of the Company at CAD$0.40 per share for a period of three years. The Company used residual value method to account for the issuance of warrants and allocated CAD$365,863 to the Company's warrant reserve. The Company paid cash finders' fees and commission of CAD$ 409,597 in connection with this private placement.

In June 2020, 559,960 common shares were cancelled and returned to treasury. These shares were released from escrow in prior year and were unclaimed by shareholders.

During the year ended December 31, 2020, the Company issued 75,000 common shares for the exercise of options with exercise prices between CAD$0.10 per share to CAD$0.20 per share.

During the year ended December 31, 2020, 3,834,438 common shares were issued for the exercise of warrants with exercise prices between CAD$0.09 to CAD$0.24 per share

<u>2019</u>
i) On January 25, 2019, 2018, the Company closed a non-brokered private placement for issuance of 5,851,500 units at a price of CAD $0.15 per unit (the "Unit") for gross proceeds of CAD$877,725 ($658,400) (the "Financing"). Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase one additional common share of the Company at a price of CAD$0.15 per common share for a period of two years from the closing of the Financing, subject to a 30-day acceleration period, upon announcement by the Company of the common shares trading at $0.75 or more for 10 consecutive trading days.

The Company paid CAD$3,706 ($2,793) and issued 24,710 warrants with a value of CAD$2,347 ($1,769) for finder's fees.

ii) During the year ended December 31, 2019, the Company issued 1,000,000 common shares upon the exercise of warrants for total proceeds of CAD$90,000 ($67,827).

(Expressed in US dollars)

8. SHARE CAPITAL

(a) Share capital (continued)

Issued share capital (continued)

iii) In July 2019, the Company closed a non-brokered private placement ("Placement") of 21,953,543 security units at CAD$0.16 per unit for gross proceeds of CAD$3,512,567 ($2,647,197). Each unit consists of one common share and one share purchase warrant. Each warrant can be exercised into one common share at CAD$0.24 per share for a period of two years after issuance.

The Company paid finder's fees of CAD$88,109 ($66,402) and issued 1,163,181 non-transferable brokers warrants (a "Broker Warrant"). Each Broker Warrant entitles the holder to purchase one common share of the Company at a price of CAD$0.18 for a period of two years.

iv) The Company issued 25,979,038 common shares for acquisition of mineral interests.

(b) Stock options

2020
During the year ended December 31, 2020, the Company granted 3,225,000 incentive stock options to certain directors, officers, employees and consultants at exercise prices ranging from CAD$0.10 to CAD$0.20 per share, and have an expiry date five years from the date of grant.

2019
During the year ended December 31, 2019, he Company granted 4,050,000 incentive options to consultants, directors, and officers at exercise prices ranging from CAD$0.16 to CAD$0.19 per share, and have an expiry date five years from the date of grant.

Stock option continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2018	2,290,512	CAD$ 0.24
Granted	4,050,000	0.17
Granted (replacement option)	342,840	0.85
Expired (replacement option)	(285,700)	0.88
Balance, December 31, 2019	6,397,652	0.19
Granted	3,225,000	0.11
Expired	(57,140)	0.70
Exercised	(75,000)	0.17
Balance, December 31, 2020	9,490,512	CAD$ 0.17

(Expressed in US dollars)

8. SHARE CAPITAL

(b) Stock options (continued)

Stock options outstanding and exercisable as at December 31, 2020 are summarized as follows:

Exercise price (CAD$)	Number of outstanding	Expiry date	Number of options exercisable
0.20	550,000	29-Jan-21	550,000
0.30	156,305	10-Jan-22	156,305
0.25	430,464	26-Jul-22	430,464
0.25	508,743	08-Nov-22	508,743
0.25	645,000	01-May-23	645,000
0.19	1,125,000	08-Feb-24	1,125,000
0.16	2,925,000	04-Oct-24	2,925,000
0.10	2,900,000	13-May-25	2,900,000
0.20	250,000	29-May-25	125,000
	9,490,512		9,365,512

During the year ended December 31, 2020, the Company incurred $215,856 in share-based compensation (2019 - $393,568). The fair value of options have been estimated by using the Black-Scholes option pricing model with the application of the following assumptions:

	2020	2019
Risk-free interest rate	0.4%	1.2 % to 1.8%
Expected life of options	5 years	5 years
Annualized volatility	125%	125%
Dividend rate	0.00%	0.00%

As at December 31, 2020, the Company's options have a weighted average exercise price of CAD$0.17 per share and remaining life of 3.33 years.

(Expressed in US dollars)

8. SHARE CAPITAL (Continued)

(c) Warrants

On December 31, 2020, the weighted average remaining life of the Company's outstanding warrants was 1.41 years. Continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2018	18,937,318	CAD$ 0.24
Exercise of warrants	(1,000,000)	0.09
Issuance of replacement warrants	6,415,236	0.84
Expiry of replacement warrants	(1,722,771)	1.34
Issuance of finders' warrants	24,710	0.15
Issuance of warrants for private placement	27,805,043	0.22
Issuance of finders' warrants	1,163,181	0.18
Balance, December 31, 2019	51,622,717	0.27
Issuance of finders' warrants for private placement	592,375	0.15
Issuance of warrants for private placement	20,214,178	0.30
Exercise of warrants	(3,834,438)	0.11
Expiry of warrants	(6,151,862)	0.59
Balance, December 31, 2020	62,442,970	CAD$ 0.26

The fair value of the finders' warrants have been estimated by using the Black-Scholes option pricing model with the application of the following assumptions:

	2020	2019
Risk-free interest rate	0.37%	1.2 % to 1.5%
Expected life of options	3 years	0.64-2 years
Annualized volatility	100%	100-125%
Dividend rate	0.00%	0.00%

9. RELATED PARTY TRANSACTIONS

a) Transactions with key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers. The aggregate values of transactions relating to key management and companies related to key management are as follows:

	2020	**2019**
Consulting fees	$ 342,111	$ 297,906
Rent	$ 17,891	-
Share-based compensation	$161,243	$ 311,552

(Expressed in US dollars)

9. RELATED PARTY TRANSACTIONS (Continued)

b) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. The Company's accounts payable and accrued liabilities (Note 4) included the following balances owing to related parties.

Due to Related parties	**Nature**	**2020**	**2019**
Chief executive officer	Consulting fees	$ 8,273	$ -
A company related to a director	Rent	8,798	-
Chief financial officer	Consulting fees	4,414	3,080
Directors	Consulting fees	39,540	4,244
		$ 61,025	$ 7,324

During the year ended December 31, 2020, certain directors foregone the amounts payable to them; accordingly the Company recognized a gain of extinguishment of accounts payable totalling $29,528

10. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial instruments included in the statement of financial position are as follows:

		2020	**2019**
Cash	Amortized cost	$ 3,910,341	$ 204,379
Marketable securities	FVTPL	$ 47,125	-
Trade payables	Amortized cost	$ 262,230	$ 283,012

Fair value

The fair value hierarchy established by IFRS 13 Fair Value Measurement has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

At the respective reporting dates, all of the Company's financial instruments had maturities less than one year. As a result, the carrying amount of note payable, accounts payable approximated their fair values due to their short-term maturities.

Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

10. FINANCIAL INSTRUMENTS(Continued)

Risk management (continued)

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure as far as possible that it will always have sufficient cash on demand to meet its liabilities when they fall due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk
As at December 31, 2020, the Company did not have any significant exposure to the risk of changes in market interest rates as the Company did not have any financial instruments that are exposed to changes in interest rates.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities

The potential concentration of credit risk consists mainly of cash and other receivables. The Company limits its counterparty exposures from its cash by only dealing with well-established financial institutions of a high quality credit standing. Receivables comprise mainly GST receivable from the government. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

At the reporting date the majority of the Company's cash resources were deposited with reputable established financial institutions. As a result, management believes the Company is not exposed to significant credit risk due to the credit worthiness of these counterparties.

Foreign currency risk
Foreign currency risk arises from holdings of financial assets and liabilities in currencies other than the function currency to which they relate. The Company and its subsidiaries have minimal such holdings, consequently foreign currency risk is considered low.

11. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the exploration and development of its exploration and evaluation assets and to sustain future development of the business. The capital structure of the Company consists of equity and debt obligations, net of cash.

There were no changes in the Company's approach to capital management during the year.

The Company is not exposed to any external capital requirements.

(Expressed in US dollars)

12. INCOME TAXES

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

	2020	2019
Loss for the year	$ (2,723,056)	$ (7,426,000)
	27%	27%
Expected income taxes recovery at statutory	(735,225)	(2,005,000)
Non-deductible items	57,275	106,000
Impact of different foreign statutory tax rates on earnings on subsidiaries	(36,815)	(35,000)
Adjustments to prior year versus statutory returns	193,464	196,000
Share issuance cost	(99,313)	-
Foreign exchange, expired losses and other	20,309	(6,000)
Change in unrecognized deductible temporary differences	600,305	1,744,000
	$ -	$ -

The significant components of the Company's deferred tax assets that have not been set up are as follows:

	2020	2019
Evaluation and exploration assets	$1,669,564	$ 679,000
Non-capital losses	3,587,741	4,008,000
	5,257,305	4,687,000
Unrecognized deferred tax assets	(5,287,305)	(4,687,000)
Net deferred tax assets	$ -	$ -

The Company has approximately $13,155,000 in Canadian non-capital losses which expire between 2026 and 2040, $29,000 in foreign non–capital losses which expire between 2020 and2024.

13. SUBSEQUENT EVENTS

In January 2021, the Company granted 1,600,000 incentive stock options to certain directors, officers, employees and consultants of the Company pursuant to the Company's Stock Option Plan. The options are exercisable at CAD$0.16 per share and expire five (5) years from the date of grant.

The Company issued 623,000 shares in January 2021 for exercise of warrants at CAD$0.15 per share

In March 2021, the Company issued 200,000 common shares to meet its obligation for the acquisition of the Sola West Permit.