Kintavar Exploration Inc.

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

Independent auditor's report

To the Shareholders of Kintavar Exploration Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Kintavar Exploration Inc. and its subsidiary (together, 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 as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Other information

Management is responsible for the other information. The other information comprises the 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 identified above 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.

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 Maxime Guilbault.

\s\PricewaterhouseCoopers LLP[1]

Montréal, Quebec
April 30, 2021

[1] CPA auditor, CA, public accountancy permit No. A128042

Kintavar Exploration Inc.

Consolidated Statements of Financial Position
As of December 31, 2020, and 2019
(In Canadian dollars)

	Note	As at December 31, 2020	As at, December 31, 2019
		$	$
Assets			
Current assets			
Cash and cash equivalents	5	3,643,175	4,106,580
Receivables	8	694,049	653,547
Inventory		27,804	75,888
Investments	6	150,000	-
Prepaid fees and other		119,267	147,786
Current assets		4,634,295	4,983,801
Non-current assets			
Exploration and evaluation assets	9	2,569,990	2,695,788
Investment in a listed company	7	28,500	-
Property and equipment	10	2,788,446	2,769,742
Non-current assets		5,386,936	5,465,530
Total assets		**10,021,231**	**10,449,331**
Liabilities			
Current liabilities			,
Bank Overdraft		6,794	37,266
Trade and other payables	11	239,398	610,363
Deferred revenues		9,381	11,667
Obligations under finance leases	12	-	1,500
Long-term debt	14	93,768	64,677
Liability related to the premium on flow-through shares	13	212,745	99,000
Current liabilities		562,086	824,473
Non-current liabilities			
Deferred tax liability		43,010	80,863
Long-term debt	14	1,068,124	1,015,785
Non-current liabilities		1,111,134	1,096,648
Total liabilities		**1,673,220**	**1,921,121**
Equity			
Share capital	15	18,499,250	17,391,097
Warrants	16	-	1,040,101
Broker options	17	10,020	40,830
Stock options	18	1,719,814	1,648,054
Contributed Surplus		1,300,956	87,155
Deficit		(13,182,029)	(11,679,027)
Total equity		**8,348,011**	**8,528,210**
Total liabilities and equity		**10,021,231**	**10,449,331**

Subsequent events (note 25)

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

On behalf of the Board

(s) Kiril Mugerman	*(s) Mark Billings*
Kiril Mugerman	Mark Billings
Director	Director

Kintavar Exploration Inc.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2020 and 2019
(In Canadian dollars)

		2020	2019
	Note	**$**	**$**
Project management fees		18,916	-
Sales		1,239,918	340,813
Income		**1,258,834**	**340,813**
Operating expenses			
Exploration and evaluation, net of tax credits	20	712,164	1,792,899
Costs of sales		399,088	107,006
Salaries and benefits	19	713,696	486,340
Share-based compensation		204,630	728,997
Professional fees		83,702	177,968
Travel, conference and investor relations		174,273	366,070
General expenses and maintenance		196,700	75,525
Administration		82,093	41,484
Filing fees		21,282	36,798
Rent		11,100	15,500
Insurances and taxes		53,363	27,147
Impairment of exploration and evaluation assets		22,688	407,823
Depreciation of property and equipment		215,931	71,892
Operating loss		**(1,631,876)**	**(3,994,636)**
Other income (expenses)			
Interest income		44,009	113,422
Finance costs		(95,487)	(39,155)
Other revenue		45,287	-
Gain on disposal of exploration and evaluation assets		14,953	-
Unrealized loss in fair value of an investment in a listed company		(21,000)	-
Loss on disposal of property and equipment		(1,151)	-
		(13,389)	74,267
Net loss before income taxes		**(1,645,265)**	**(3,920,369)**
Current income taxes		(90)	**-**
Deferred income taxes recovery	22	142,353	373,949
Net loss and comprehensive loss		**(1,503,002)**	**(3,546,420)**
Basic and diluted loss per share		(0.02)	(0.04)
Weighted average number of basic and diluted outstanding shares		**92,004,232**	**84,180,569**

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

Kintavar Exploration Inc.

Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(In Canadian dollars)

	Note	Number of shares outstanding	Capital Stock	Warrants	Broker Options	Stock Options	Contributed surplus	Deficit	Total equity
			$	$	$	$	$	$	$
Balance as at January 1, 2020		**91,199,324**	**17,391,097**	**1,040,101**	**40,830**	**1,648,054**	**87,155**	**(11,679,027)**	**8,528,210**
Loss and comprehensive loss for the period		-	-	-	-	-	-	(1,503,002)	(1,503,002)
Issuance of shares under a private placement, net of issuance costs	15	7,112,500	536,441	-	10,020	-	-	-	546,461
Issuance of shares under a flow-through private placement, net of issuance costs	15	7,617,310	789,957	-	-	-	-	-	789,957
• Less: premium		-	(218,245)	-	-				(218,245)
Stock-based compensation	18	-	-	-	-	204,630	-	-	204,630
Expired Options		-	-	-	-	(132,870)	132,870	-	-
Expired warrants		-	-	(1,040,101)	-	-	1,040,101	-	-
Expired broker options		-	-	-	(40,830)	-	40,830	-	-
Balance as at December 31, 2020		**105,929,134**	**18,499,250**	**-**	**10,020**	**1,719,814**	**1,300,956**	**(13,182,029)**	**8,348,011**

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

Kintavar Exploration Inc.

Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(In Canadian dollars)

	Note	Number of shares outstanding	Capital stock	Warrants	Broker Options	Stock Options	Contributed surplus	Deficit	Total equity
			$	$	$	$	$	$	$
Balance as at January 1, 2019		**80,236,127**	**15,481,922**	**1,174,607**	**50,259**	**945,835**	**4,176**	**(8,132,607)**	**9,524,192**
Loss and comprehensive loss for the period		-	-	-	-	-	-	(3,546,420)	(3,546,420)
Issuance of shares under a private placement		3,125,000	593,750	-	-	-	-	-	593,750
Issuance of shares under a flow-through private placement		6,000,000	1,200,00	-	-	-	-	-	1,200,000
• Less: premium		-	(300,000)	-	-	-	-	-	(300,000)
Exercised stock options		30,000	7,320	-	-	(3,120)	-	-	4,200
Exercised warrants		1,767,696	399,663	(82,277)	-	-	-	-	317,386
Exercised broker options		40,501	8,442	-	(2,337)	-	-	-	6,105
Stock-based compensation		-	-	-	-	728,997	-	-	728,997
Expired Options		-	-	-	-	(23,658)	23,658	-	-
Expired Warrants		-	-	(52,229)	-	-	52,229	-	-
Expired Broker Options		-	-	-	(7,092)	-	7,092	-	-
Balance as at December 31, 2019		**91,199,324**	**17,391,097**	**1,040,101**	**40,830**	**1,648,054**	**87,155**	**(11,679,027)**	**8,528,210**

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

Kintavar Exploration Inc.

Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(In Canadian dollars)

	Note	2020	2019
		$	$
Operating activities			
Net loss for the period		(1,503,002)	(3,546,420)
Adjustments for:			
Accrued interest on investments		(4,208)	(24,178)
Stock-based compensation		204,630	728,997
Depreciation of property and equipment		215,931	71,892
Loss on disposal of property and equipment		1,151	-
Gain on disposal of exploration and evaluation assets		(14,953)	-
Impairment of exploration and evaluation assets	8	22,688	407,823
Deferred income tax recovery	22	(142,353)	(373,949)
Gain on write-off of obligation under finance lease		-	(4,537)
Unrealised loss on variation of value of investment in a listed company		21,000	-
Other operating gains		(47,384)	-
Accretion of long-term debt		888	-
Changes in non-cash working capital items	23	(332,942)	252,305
Cash flows used in operating activities		**(1,578,554)**	**(2,488,067)**
Investing activities			
Business acquisition, net of cash and cash equivalents acquired	4	-	(1,795,854)
Addition to investments		(150,000)	-
Disposal or maturities of investments		-	5,000,000
Additions of exploration and evaluation assets		(6,437)	(67,947)
Option payment received on exploration and evaluation assets		75,000	-
Acquisition of property and equipment		(168,668)	(157,650)
Proceeds from sale of property and equipment		8,500	-
Cash flows used in investing activities		**(241,605)**	**2,978,549**
Financing activities			
Reduction in bank overdraft		(30,472)	(2,517)
Private placements	15	569,000	-
Flow-through private placements	15	827,630	1,200,000
Share issuance costs		(60,212)	-
Options exercised		-	4,200
Exercise of broker options		-	6,105
Exercise of warrants		-	317,386
Increase in long-term debt		120,000	1,000,000
Repayment of long-term debt		(67,692)	(31,912)
Obligations under financial leases repayment		(1,500)	(3,008)
Cash flows from financing activities		**1,356,754**	**2,490,254**
Net change in cash and cash equivalents		(463,405)	2,980,736
Cash and cash equivalents - beginning		4,106,580	1,125,844
Cash and cash equivalents - ending		**3,643,175**	**4,106,580**

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

1. NATURE OF OPERATIONS

Kintavar Exploration Inc. (the “Corporation”) was formed on March 24, 2017 upon the issuance of an amalgamation certificate under the *Business Corporations Act* (Quebec) and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Corporation’s class A common shares (“Shares”) are listed on the TSX Venture Exchange (the “Exchange”) under the symbol KTR. The address of the Corporation's registered office and principal place of business is 75, boul. de Mortagne, Boucherville, Quebec, Canada, J4B 6Y4.

The Corporation has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the ability of the Corporation to obtain necessary financing to pursue the exploration and evaluation on its mining properties.

The present audited financial statements (the “Financial Statements”) have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In 2020, the Corporation reported a net loss of $ 1,540,855 ($3,546,420 in 2019) and has an accumulated deficit of $13,219,882 ($11,679,027 in 2019). As at December 31, 2020, the Corporation had working capital of $4,072,209 ($4,159,328 as of December 31, 2019).

Management of the Corporation believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve (12) months as they fall due. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation.

Since March 2020, the COVID-19 pandemic has had a significant impact on the world financial market as well as on the price of several metals including copper, the main resource in the Corporation's portfolio of projects. The Corporation continues to monitor and assess the impact on its exploration activities and the operation of the outfitter. The potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the *International Financial Reporting Standards* (“IFRS”) as issued by the *International Accounting Standards Board* (“IASB”).

The financial statements were approved by the Corporation’s Board of Directors on April 27,2021.

2.2 Basis of measurement

The Financial Statements have been prepared on a historical cost basis except for certain assets carried at fair value. The Corporation has elected to present the statement of loss and comprehensive loss in a single statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New accounting standards

Amendments to IAS 1 Presentation of Financial Statements

The IASB has made amendments to IAS 1 Presentation of Financial Statements which use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify that information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. The Company adopted IAS 1 on January 1, 2020, which did not have a significant impact on the consolidated financial statements disclosures.

2.4 Consolidation method

The financial statements of the Corporation include its accounts and those of its subsidiary Pourvoirie Fer à Cheval ("the Fer à Cheval") wholly owned and acquired on August 1, 2019. Control refers to the power to direct the financial and operating policies of an entity in order to benefit from its activities. All intra-group transactions, balances, revenues and expenses are eliminated upon consolidation.

2.5 Functional and presentation currency

The Financial Statements are presented in Canadian dollars, which is the Corporation's functional currency.

2.6 Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

a) Financial assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amortized cost:
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash and cash equivalents, investments and accounts receivable are classified within this category.

Financial assets at fair value through profit or loss:
Investments in equity are subsequently measured at fair market value and changes are recognized in net loss. The category includes the investment in a listed mining exploration company. This instrument is measured at fair market value and changes in fair market value are recognized in net loss. Fair market value is determined on the basis of stock market prices.

b) Financial liabilities

Amortized cost:
Accounts payable and accrued liabilities are initially measured at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

c) Impairment of financial assets

Amortized cost:
The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases.

2.7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less or cashable at any time without penalties.

2.8 Tax credits and mining rights receivable

The Corporation is entitled to a refundable tax credit on qualified exploration expenditures incurred and a refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration and evaluation expenses incurred. As the Corporation intends to realize the carrying value of its assets and settle the carrying value of its liabilities through the sale of its exploration and evaluation assets, the related deferred tax has been calculated accordingly.

2.9 Short-term investments

The Corporation considers short-term investments to be those whose terms at the time of purchase are more than 90 days but less than one year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Inventory

The inventory consists of gasoline, food, drink, housekeeping equipment and promotional materials that will be used to sell products or provide future outfitting services. Inventory is valued at the lower of cost and net realizable value. The cost is determined using the average cost method.

2.11 Exploration and evaluation expenses

Exploration and evaluation ("E&E") assets include rights in exploration properties, paid or acquired through a business combination or an acquisition of assets. Mining rights are recorded at acquisition cost less accumulated impairment losses. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production.

E&E expenses include costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. E&E expenses also include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Expenditures relating to E&E activities are expensed as incurred.

E&E include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for the Corporation's mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

The E&E expenses are recorded in the statement of loss and comprehensive loss until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives the Board of Directors approval, at which time the mine project moves into the development phase.

E&E include overhead expenses directly attributable to the related activities.

The Corporation may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded when they are made or received. When disposing of interest in connection with option agreements, the Corporation does not recognize exploration and evaluation expenses incurred on the properties by the purchaser. In addition, the consideration received in cash or in shares from the acquirer are recorded in order as a reduction of the book value of previously capitalized expenses, from the book value of exploration and evaluation expenses in profit or loss, any excess being recognized as a gain on disposal of exploration and evaluation assets in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. 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 benefit associated with the item will flow to the Corporation and the cost can be measured reliably.

The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Rolling stock	3 to 5 years
Right-of-use assets	Duration of lease agreements
Outfitter trails	20 years
Power line	20 years
Spawning grounds	20 years
Equipment	10 years
Buildings	20 years

The depreciation expense for each period is recognized in the statement of loss and comprehensive loss. In the case of certain items of property and equipment related to E&E activities on a project that has not reached the phase at which the Corporation capitalizes its E&E expenses, the depreciation expense is recognized in the statement of loss and comprehensive loss. Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the statement of loss.

2.13 Leases

The Corporation leases certain equipment. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases with a term in excess of twelve months and for other than low-value assets are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Corporation. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in statement of loss. Low-value assets comprise IT and exploration equipment and small items of office furniture.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of non-financial assets

E&E assets are reviewed for impairment, by area of interest, if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

2.15 Deferred Revenues

Amounts received or receivable prior to the service delivery are classified as deferred revenues. Deferred revenues include the portion of the amounts received or charged on hunting and fishing packages for which services have not yet been rendered. Since the deposit period from customers never exceeds 12 months, all deferred revenues are classified as current liabilities.

2.16 Revenue Recognition

Sales revenue consists of revenue from project management fees and from the sale of outfitting packages related goods such as promotional material, gasoline, hunting and fishing licenses, food and beverages.

Project management fees received when the Corporation is the operator are recognized in the statement of comprehensive loss as exploration work recharged to partners is incurred.

Revenue from the sale of packages is recognized as services are rendered. Revenue from the sale of goods is recognized when control is transferred to the customer, which is realized upon delivery of the product.

Revenue is measured at the fair value of the consideration received.

3.17 Government grants

The Corporation's and its subsidiary received financial assistance under the Canada Emergency Wage Subsidy offered by the federal government in response to the economic slowdown caused by the COVID-19. Government grants are recognized initially as other receivables when there is reasonable assurance that it will be received, and that the Corporation will comply with the conditions associated with the grant. Grants recieved are recognized as a reduction of the related expenditure, which includes salaries and benefits and salaries and benefits included in exploration and evaluation expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Income taxes

Income tax on the profit or loss for the periods presented 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, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not provided for if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 financial position reporting date.

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.

Deferred income tax assets and liabilities are presented as noncurrent and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Equity

Capital stock represents the amount received on the issue of shares. Warrants represent the allocation of the amount received for units issued as well as the charge recorded for the broker options relating to financing.

Contributed surplus includes charges related to stock options until they are exercised and the warrants that are expired and not exercised. Deficit includes all current and prior period retained profits or losses and share issue expenses.

Proceeds from unit placements are allocated between shares and warrants issued using the residual value method.

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the deficit in the year in which the shares are issued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Flow-through shares

The Corporation finances some E&E expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the amount recorded as common share and the amount paid by the investors for the shares (the "premium"), measured with the residual value method, is accounted for as flow-through share premium, which is reversed to income as recovery of deferred income taxes when the eligible expenses are incurred. The Corporation recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred.

2.21 Stock-based compensation

The Corporation operates an equity-settled share-based remuneration plan (share options plan) for its eligible directors, officers, employees and consultants. The Corporation's plan does not feature any options for a cash settlement.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. The expense is recorded over the vesting period for employees and over the period covered by the contract for non-employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or service received, the Corporation shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black-Scholes option pricing model and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognized as an expense in the statement of loss and comprehensive loss with a corresponding credit to contributed surplus, in equity. Broker options, in respect of an equity financing are recognized as share issue expense reducing the equity with a corresponding credit to warrants.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in contributed surplus are then also transferred to capital stock.

2.22 Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the weighted average number of shares outstanding during the year for the calculation of the dilutive effect of warrants and stock options unless they have an anti-dilutive effect.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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2.23 Segment disclosures

The Corporation currently operates in two segments – the acquisition, exploration and evaluation of exploration properties and the operation of a hunting and fishing and outdoor outfitter. All of the Corporation's activities are conducted in Canada.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results could differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

JUDGMENTS

3.1 Impairment of E&E assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of E&E assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further E&E of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances.

These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period.

The total impairment loss of the E&E assets recognized is $22,688 for 2020 ($407,823 for 2019). No reversal of impairment losses has been recognized for the reporting periods.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

3.2 Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

3.3 Valuation of credit on duties refundable for loss and the refundable tax credit for resources.

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including credit on mining duties and tax credit related to resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Corporation's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority.

Differences arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods.

The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and its financial performance and cash flows.

3.4 Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. BUSINESS ACQUISITION

On August 1, 2019, the Corporation acquired 100% of the issued and outstanding shares of the Pourvoirie Fer à Cheval. The consideration paid for this transaction is detailed in the table below. This business combination has been accounted for using the acquisition method and the results of operations have been included starting from the effective date of the acquisition.

Assets acquired and liabilities assumed have been recorded at their estimated fair value at the closing date of the acquisition, which is August 1, 2019.

(In Canadian Dollars)

4. BUSINESS ACQUISITION (CONT'D)

The purchase price is as follows:

Acquisition costs	**$**
Cash	1,800,000
Issue of 3,125,000 shares[(i)]	593,750
Working capital adjustment	1,378
	2,395,128

Net assets acquired	**$**
Cash and cash equivalents	5,524
Receivables	21,614
Stock	64,460
Prepaid expenses	44,294
Property and equipment	2,655,667
Line of credit	(39,783)
Trade and other payables	(68,581)
Deferred revenues	(48,563)
Deferred tax liability	(133 645)
Long-term debt[(ii)]	(105,859)
	2,395,128

(i) See note 15 for details of the shares issued in connection with the acquisition.

(ii) See note 14 for details of long-term debts acquired or incurred in connection with the acquisition.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include available cash, bank balances, line of credit and short-term liquid investments with an original maturity of up to 3 months or redeemable at any time without penalty.

The short-term investments held as at December 31, 2020 and classified as cash equivalents are as follows:

- Guaranteed investment certificates totaling $2,399,800 with rates from 0.65% to 0.90% and expiring dates ranging from expiring July 22, 2021 to November 17, 2021. Interest and principal are cashable at any time.
- Investment of $100,022 in a high interest exchange trading fund.

The Corporation has the following credit facility:

- Operating line of credit, which provides for advances of up to $50,000, bearing interest at the financial institution's prime rate plus 2.35% (effective rate of 4.80% as at December 31, 2020). As at December 31, 2020, the amount outstanding under this credit facility was $6,794.

The flow-through financing balance not yet spent according to the terms of the financing completed on December 11, 2020 represents $825,277 as at December 31, 2020. The Corporation has dedicated these funds to Canadian exploration expenses to be completed before December 31, 2022.

(In Canadian Dollars)

6. INVESTMENTS

The investment as at December 31, 2020 consists of an investment in a term savings account bearing interest at a rate of 0.20% and maturing on June 30, 2021. The investment is restricted for a collateral provided of the same amount in the context of the operations.

7. INVESTMENT IN A LISTED COMPANY

The Corporation holds marketable securities. The investment is valued at fair value, based on quoted market prices.

The shares are listed on the Exchange. The total amount of the investment can be summarized as follows:

	As at December 31, 2020	As at December 31, 2019
	$	$
Gitennes Exploration Inc. – 300,000 common shares (nil at December 31, 2019)	28,500	-
Investment in a listed company	**28,500**	**-**

8. RECEIVABLES

	As at December 31, 2020	As at December 31, 2019
	$	$
Accounts receivable	348,813	3,969
Sales taxes receivable	14,808	289,752
Tax credits and mining rights receivable	244,567	335,648
Interest receivable	-	24,178
Other	85,861	-
Receivables	**694,049**	**653,547**

9. EXPLORATION AND EVALUATION ASSETS

Mining properties acquisition costs	As at Jan. 1, 2020	Additions	Impairment	Payment on options	As at Dec. 31, 2020
	$	$	$	$	
Mitchi	940,364	3,787	(22,688)[1]	-	921,463
Anik	1,555,654	-	-	(75,000)	1,480,654
Rivière à l'aigle	129,894	-	-	(24,750)	105,144
Gaspard nord	1,786	-	-	-	1,786
Cousineau	4,757	-	-	-	4,757
New Mosher	9,797	-	-	(9,797)	-
Wabash	26,184	2,650	-	-	28,834
Baie Johann Beetz	27,352	-	-	-	27,352
	2,695,788	**6,437**	**(22,688)**	**(109,547)**	**2,569,990**

(In Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Mining properties acquisition costs	As at Jan. 1, 2019	Additions	Impairment	Transferred – held for sale	As at Dec. 31, 2019
	$	$	$	$	
Mitchi	931,164	26,978	(17,778)[1]	-	940,364
Anik	-	21,708	(388,913)[1]	1,922,859	1,555,654
Rivière à l'aigle	117,046	12,848	-	-	129,894
Gaspard nord	1,133	653	-	-	1,786
Cousineau	3,785	2,104	(1,132)[1]	-	4,757
New Mosher	8,883	914	-	-	9,797
Wabash	25,534	650	-	-	26,184
Baie Johann Beetz	25,260	2,092	-	-	27,352
	1,112,805	**67,947**	**(407,823)**	**1,922,859**	**2,695,788**

1) Certains claims were dropped, and the Corporation impaired partially the property.

9.1 Anik

On May 27, 2020, the Corporation signed an option agreement with IAMGOLD Corporation ("IAMGOLD") allowing it to acquire a maximum undivided interest of 80% in the Anik gold project in consideration of the following terms:

	Cash Payments	Work
	$	$
First option for an initial participation of 75%		
At the signature (completed)	75,000	-
On or before May 26, 2021	75,000	250,000
On or before May 26, 2022	100,000	500,000
On or before May 26, 2023	100,000	750,000
On or before May 26, 2024	100,000	1,000,000
On or before May 26, 2025	150,000	1,500,000
	600,000	4,000,000
Second option for an additional participation of 5%		
Delivery of a prefeasibility study in the subsequent 5 years and commitment to spend an additional $500,000 yearly.	-	2,500,000
Total for a maximum participation of 80%	**600,000**	**6,500,000**

Both options can be exercised before their maturity at, IAMGOLD's option. If the options are exercised, the Corporation will retain a contributing net interest of 25% or 20% as the case may be, which can be converted at the Corporation's election to a 10% non-contributing and free carried interest until commercial production is achieved. The contributing interests are subject to standard dilution conditions and, when the dilution would equal less than 10%, it would convert into a 1.5% net smelter returns royalty ("NSR"). IAMGOLD maintains a buy back right of 0.75% of the NSR for $2,000,000.

(In Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Pursuant to the agreement, the Corporation will receive an additional $400,000 in cash upon the first declaration of at least 300,000 ounces of gold from 43-101 indicated mineral resources. In addition, and in each case, (a) upon a decision to develop a first mine and later (b) upon a decision to report commercial production on all or part of the project, IAMGOLD will issue a payment of $1,000,000 in cash and / or common shares of IAMGOLD. In total, these additional payments could reach a total of $2,400,000.

9.2 Rivière à l'aigle and New Mosher

On June 29, 2020, the Company granted Gitennes Exploration Inc. ("Gitennes") an option allowing it to acquire stakes of up to 85% of the interests in the Rivière à l'aigle properties ("RAL") and New Mosher. To earn these interests in the RAL and New Mosher properties, Gitennes will make common shares and cash payments to the Corporation and incur certain exploration expenses as shown in the table below. The Corporation will remain the operator until the second part of the option agreement is completed but, no later than September 30, 2022.

	Rivière à l'aigle property		New Mosher property	
Date of completion	**Issuance of common shares**	**Work**	**Issuance of common shares**	**Work**
Approval of the TSX-V (completed)	150,000	nil	150,000	nil
At the latest Sept. 30, 2021	250,000	$150,000	150,000	$150,000
At the latest Sept. 30, 2022	300,000	$250,000	150,000	$250,000
At the latest Sept. 30, 2023	300,000	$400,000	150,000	$300,000
At the latest Sept. 30, 2024	500,000	$700,000	400,000	$300,000
Exploration and evaluation expenses	**1,500,000**	**$1,500,000**	**1,000,000**	**$1,000,000**

The RAL and New Mosher properties are under separate option agreements and the above share issuances and exploration expenditures are mutually exclusive. Upon making the above share issuances and exploration expenditures separately on each property, Gitennes will earn a 70% interest in each property. Gitennes can increase its interest to 85% on either property by either producing an inferred resource estimate or conducting a preliminary economic assessment by September 30, 2025. Upon completion of an inferred resource estimate, Gitennes will pay the Corporation$250,000 in cash or shares at Gitennes' option and pay an additional $750,000 in cash only on delivering a preliminary economic assesment. Gitennes will grant to the Corporation a 1.5% NSR on each property and the Corporation will grant Gitennes the right to buy-back at any time 1% for $1,000,000 CAD.

(In Canadian Dollars)

10. PROPERTY AND EQUIPMENT

	Net book value January 1, 2020	Additions	Disposal	Depreciation	Net book value December 31, 2020
	$	$		$	$
Rolling stock	170,447	187,967	(9,651)	(52,320)	296,443
Right-of-use assets	1,098	-	-	(1,098)	-
Outfitter trails	75,427	-	-	(3,852)	71,575
Electric line	150,854	-	-	(7,703)	143,151
Spawning grounds	75,427	-	-	(3,852)	71,575
Equipment	402,330	26,185	-	(43,175)	385,340
Buildings	1,894,159	30,134	-	(103,931)	1,820,362
	2,769,742	**244,286**	**(9,651)**	**(215,931)**	**2,788,446**

	Net book value January 1, 2019	Additions	Depreciation	Net book value December 31, 2019
	$	$	$	$
Rolling stock	24,586	157,650	(11,789)	170,447
Right-of-use assets	3,731	-	(2,633)	1,098
Outfitter trails	-	77,032	(1,605)	75,427
Electric line	-	154,064	(3,210)	150,854
Spawning grounds	-	77,032	(1,605)	75,427
Equipment	-	419,823	(17,493)	402,330
Buildings	-	1,927,716	(33,557)	1,894,159
	28,317	**2,813,317**	**(71,892)**	**2,769,742**

	As at December 31, 2020			As at December 31, 2019
	Cost	Accumulated Depreciation	Net book value	Net book value
	$	$	$	$
Rolling stock	363,118	(58,775)	296,443	170,447
Right-of-use assets	7,900	(7,900)	-	1,098
Outfitter trails	77,032	(5,457)	71,575	75,427
Electric line	154,064	(10,913)	143,151	150,854
Spawning grounds	77,032	(5,457)	71,575	75,427
Equipment	446,008	(60,668)	385,340	402,330
Buildings	1,957,850	(137,488)	1,820,362	1,894,159
	3,090,904	**(294,558)**	**2,788,446**	**2,769,742**

(In Canadian Dollars)

11. TRADE AND OTHER PAYABLES

	As at December 31, 2020	As at December 31, 2019
	$	$
Trade payables and accrued liabilities	136,950	422,386
Due to Geomega Resources Inc. (note 21)	14,250	60,357
Accrued salaries	36,040	62,299
Accrued vacations	39,825	63,444
Government remittances	12,333	1,877
Trade and other payables	**239,398**	**610,363**

12. OBLIGATIONS UNDER FINANCE LEASE

	As at December 31, 2020	As at December 31, 2019
	$	$
Obligation under finance lease, at 26.9%, payable in monthly installments of $322, maturing in May 2020.	-	1,500
Obligations under finance lease - current	**-**	**1,500**

13. LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

	2020	2019
	$	$
Balance, beginning	99,000	120,167
Addition, net of issue costs	218,245	300,000
Reduction related to qualifying exploration expenditures	(104,500)	(321,167)
Liability related to the premium on flow through shares	**212,745**	**99,000**

14. LONG-TERM DEBT

	As at December 31, 2020	As at December 31, 2019
	$	$
Term loan secured by a first mortgage on the present and future movable properties of the Corporation, on the current immovable properties and on the universality of the receivables as well as by a joint guarantee of the Corporation and its subsidiary. The loan bears interest at 5.67%. Interest and principal of $2,778 are payable monthly, maturing in August 2034.	455,556	488,888

(In Canadian Dollars)

14. LONG-TERM DEBT (CONT'D)

Carryover balance	455,556	488,888
Term loan secured by a first mortgage on the present and future movable properties of the Corporation, on the current immovable properties and on the universality of the receivables as well as by a joint guarantee of the Corporation and its subsidiary. The loan bears interest at 6.55%. Interest is payable monthly, and the payment of principal begins in August 2020 until July 2035. The loan is payable through 180 installments of $4,369.	491,709	500,000
Term loan secured by a first mortgage on certain equipment at a rate of 7.49% and payable in installments of $1,079, maturing in November 2024.	43,852	53,133
Term loans engaged to finance rolling stock. These loans hold rates from 3.75% to 15.58%, are payable in monthly installments totaling $3,995 and mature between November 2021 to September 2025.	97,271	38,441
Canadian Emergency Business Account (CEBA) received in the context of the outbreak of the COVID-19 pandemic. The loans bear no interest and the principal is payable in full by December 31, 2022.	73,504	-
Current portion	(93,768)	(64,677)
Long-term debt - non-current portion	**1,068,124**	**1,015,785**

15. SHARE CAPITAL

15.1 Authorized

The Corporation is authorized to issue an unlimited number of class A, B, C common shares and class A, B, C and D special shares. Only shares are issued with the following restrictions and privileges: voting, participating with dividend as declared by the Board of Directors.

There are 1,250,000 shares held in escrow as at December 31, 2020 (6,101,017 as at December 31, 2019).

15.2 Private placements

a) December 2020

On December 11, 2020, the Corporation closed a placement consisting of 7,617,310 flow-through shares issued at a price of $0.11 per share and 7,112,500 units at a price of $0.08 per unit for total gross proceeds of $1,406,904. Each unit being composed of one share and half a warrant, each whole warrant entitling the holder to acquire one share at a price of $0.15 per share for 2 years. A total of $80,506 of issue costs were engaged for this transaction.

15. SHARE CAPITAL (CONT'D)

All of the gross proceeds from the issue of the 7,112,500 units were allocated to share capital using the residual value method. As the value of the share at closing was equal to the issue price, no value was attributed to the warrants.

Regarding the flow-through private placement, the value of the share of the Corporation is deemed to be the value of the share at closing of $0.08. Thus, the residual value attributed to the flow-through share renunciation is $0.03, for a total value of $228,519, which has been credited to liability related to the premium on flow-through shares.

As part of the private placement, the Corporation issued 455,448 broker options. Each broker option allows the holder to acquire one common share at a price of $0.15 for 2 years. The total cost of broker options is $10,020 and this fair value was estimated using the Black-Scholes model based on the following assumptions: no dividend per share, expected volatility of 82.46% as well as a 0.25% risk-free interest rate and an expected term of 2 years.

b) October 2019

On October 18, 2019, the Corporation closed a private placement consisting of 6,000,000 flow-through shares at a price of $0.20 per unit for aggregate gross proceeds of $1,200,000. No warrant, commission or broker option has been issued with this transaction.

The Corporation's share value at closing is deemed to be $0.15 on October 17, 2019. Therefore, the residual value attributed to the benefit related to flow-through shares renunciation is $0.05, for a total value of $300,000, credited to the liability related to the premium on flow-through shares.

c) August 2019

On August 1, 2019, the Corporation issued 3,125,000 common shares of the Corporation in connection with the acquisition of the Fer à Cheval (note 4). The shares are subject to voluntary escrow for a period of 2 years, 25% being released every 6 months.

For accounting purposes, the shares are recorded at fair value on the transaction date, which is the fair closing value on August 1, 2019, $0.19 per share, for a total of $593,750.

15.3 Loss per share

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted loss per share, potential common shares such as stock options, broker options and warrants have not been included, as they would have the effect of decreasing the loss per share from continuing operations. Decreasing the loss per share from continuing operations would be antidilutive.

15.4 Capital management

The Corporation's objective in managing capital is to safeguard its ability to continue its operations as well as its E&E programs. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares and acquire or sell mining rights to improve its financial performance and flexibility. The Corporation's capital is composed of equity and balances thereof and changes therein are depicted in the statement of changes in shareholders' equity.

(In Canadian Dollars)

15. SHARE CAPITAL (CONT'D)

The Corporation is not subject to externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Corporation closes a flow-through private placement in which case the funds are reserved in use for exploration expenses (and the Corporation was in compliance during the year).

16. WARRANTS

Changes in the Corporation's warrants are as follows:

	2020		2019	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
		$		**$**
Balance, beginning	8,899,091	0.696	12,059,479	0.557
Issued	3,556,250	0.150	-	-
Exercised	-	-	(1,767,696)	0.180
Expired	(8,899,091)	0.696	(1,392,692)	0.142
Balance, end	**3,556,250**	**0.150**	**8,899,091**	**0.696**

Warrants outstanding as at December 31, 2020 are as follows:

Number of warrants	Exercise price	Expiry date
	$	
3,556,250	0.15	December 11, 2022
3,556,250		

17. BROKER OPTIONS

Changes in the Corporation's broker options are as follows:

	2020		2019	
	Number of broker options	**Weighted average exercise price**	**Number of broker options**	**Weighted average exercise price**
		$		**$**
Balance, beginning	243,613	0.54	405,053	0.38
Issued	455,448	0.15	-	-
Exercised	-	-	(40,501)	0.15
Expired	(243,613)	0.54	(120,939)	0.14
Balance, end	**455,448**	**0.15**	**243,613**	**0.54**

(In Canadian Dollars)

17. BROKER OPTIONS (CONT'D)

Broker options outstanding as at December 31, 2020 are as follows:

Number of broker options	Exercise price	Expiry date
	$	
455,448	0.15	December 11, 2022
455,448		

18. STOCK OPTIONS

Changes in stock options are as follows:

	2020		2019	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Balance, beginning	8,287,500	0.32	7,546,250	0.34
Granted	1,515,000	0.10	1,235,000	0.17
Exercised	-	-	(30,000)	0.14
Forfeited	(186,250)	0.16	(321,250)	0.25
Expired	(643,750)	0.30	(142,500)	0.22
Balance, end	**8,972,500**	**0.28**	**8,287,500**	**0.32**
Balance, end exercisable	7,576,250	0.32	5,798,750	0.32

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

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		$	
1,092,500	1,092,500	0.14	March 23, 2022
150,000	150,000	0.14	December 29, 2022
4,775,000	4,775,000	0.40	June 27, 2023
400,000	400,000	0.35	September 17, 2023
100,000	100,000	0.17	December 10, 2023
940,000	705,000	0.17	June 20, 2024
1,415,000	353,750	0.10	June 29, 2025
100,000	-	0.09	December 15, 2025
8,972,500	**7,576,250**		

On June 29, 2020, the shareholders of the Corporation renewed the stock option plan which stipulates that the maximum number of ordinary shares in the capital of the Corporation that can be reserved for allocation under the plan is limited to 10% of the Shares outstanding.

On December 15, 2020, the Corporation granted 100,000 stock options to employees at a price of $0.09. The fair value of these stock options is $5,800 or a fair value of $0.058 per option. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.378%, expected volatility of 94.03%, no dividend per share and expected option duration of 3.75 years.

(In Canadian Dollars)

18. STOCK OPTIONS (CONT'D)

On June 29, 2020, the Corporation granted its directors, officers, employees and consultants 1,415,000 stock options at a price of $0.10. The fair value of these stock options is $117,445 or a fair value of $0.083 per option. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.312%, expected volatility of 139.92%, no dividend per share and expected term of the options of 3.75 years.

On November 26, 2019, the Corporation granted its employee 100,000 stock options at a price of $0.145. The fair value of these stock options is $10,400, or a fair value of $0.104 per option. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 1.501%, expected volatility of 99.99%, no dividend per share and expected option of 3.75 years.

On June 20, 2019, the Corporation granted its directors, officers, employees and consultants 1,135,000 stock options at a price of $0.165. The fair value of these stock options is $127,120, or a fair value of $0.112 per option. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 1.329%, expected volatility of 101.32%, no dividend per share and expected option duration of 3.75 years.

All options granted bear the same conditions. From the grant date, the options vest 25% per 6 months, are valid for 5 years and were granted at an exercise price equal to the closing market value of the shares preceding the grant. The expected life of stock options was estimated by benchmarking comparable situations for companies similar to the Corporation. The expected volatility is determined by calculating the historical volatility of the price of the Corporation's common shares prior to the issue date and for a period corresponding to the expected life of the options.

19. REMUNERATION

	2020	**2019**
	$	**$**
Salaries	1 439 398	1,201,100
Directors fees	-	20,000
Benefits	131,072	156,991
Canada Emergency Wages Subsidy	(479 065)	-
Salaries and benefits	1,091,405	1,378,091
Salaries and benefits presented in the exploration and evaluation expenses	(377,709)	(891,751)
Salaries and benefits presented in the statement of loss	**713,696**	**486,340**

(In Canadian Dollars)

20. EXPLORATION AND EVALUATION EXPENSES

	2020	2019
	$	$
Salaries and benefits	377,709	891,751
Geology and prospecting	44,197	132,287
Drilling	144,303	328,531
Analysis	179,422	169,369
Geophysics	72,706	34,727
Geochemistry	-	6,196
Metallurgy	2,633	90,067
Lodging and travel	37,693	187,220
Supplies	90,250	277,465
Taxes, permits and insurance	7,818	10,934
Exploration and evaluation expenses before tax credits	**956,731**	**2,128,547**
Tax credits	(244,567)	(335,648)
Exploration and evaluation expenses	**712,164**	**1,792,899**

21. RELATED PARTY TRANSACTIONS

21.1 Transactions with Geomega

As of December 31, 2020, Geomega held 15,91% of the Corporation (18,49% as at December 31, 2019).

Effective on January 1, 2017, the Corporation signed an agreement to hire Geomega as subcontractor to execute the exploration work. Geomega charged the following expenses, in the normal course of operations:

	2020	2019
	$	$
Exploration and evaluation expenses	(1,624)	50,908
Travel, conference and investor relations	9,532	18,920
Rent	11,100	15,500
Administration	-	95
Other	(644)	-
Total	**18,364**	**85,423**

As of December 31, 2020, the Corporation owes $14,250 ($60,357 as at December 31, 2019) to Geomega, and this due to a shareholder with significant influence is non-interest bearing, unsecured and payable on demand.

21.2 In the normal course of operations

- A firm in which a director and officer is a partner charged legal professional fees amounting to $14,192 ($17,239 in 2019) recorded as legal fees, share issuance expenses and listing fees. As at December 2020, the amount owed to this company was nil ($1,418 as at December 31, 2019).

(In Canadian Dollars)

21. RELATED PARTY TRANSACTIONS (CONT'D)

21.3 Out of the normal course of operations

- In December 2020, officers and directors of the Corporation participated in the private placement carried out by the Corporation.

22. INCOME TAXES

The income tax expense is made up of the following components:

	2020	2019
	$	$
Recovery of deferred income taxes		
Premium on flow-through share issuance	104,500	321,167
Deferred taxes recovery	37,853	52,782
Total - deferred income taxes recovery	**142,353**	**373,949**

The provision for income taxes presented in the financial statements is different from what would have resulted from applying the combined Canadian Statutory tax rate as a result of the following:

	2020	2019
	$	$
Net loss before income taxes	(1,645,265)	(3,920,369)
Combined federal and provincial income tax of 26.50% (26.60% in 2019)	(435,995)	(1,042,818)
Non-deductible expenses	56,652	207,249
Tax effect of renounced flow-through share expenditures	107,641	328,902
Amortization of flow-through share premiums	(104,500)	(321,167)
Current tax losses for which no deferred income tax asset was recognized	233,849	453,885
Other elements	-	-
	(142 353)	**(373,979)**

Significant components of the Corporation's deferred income tax assets and liabilities are as follows:

	2020	2019
	$	$
Deferred income tax assets		
Non-capital losses	322,950	266,799
Total deferred income tax assets	322,950	266,799
Deferred income tax liabilities		
Fixed assets	(365,960)	(347,662)
E&E assets	-	-
Total deferred income tax liabilities	(365,960)	(347,662)
Deferred income tax liabilities	**(43,010)**	**(80,863)**

(In Canadian Dollars)

22. INCOME TAXES (CONT'D)

The ability to realize the tax benefits in Kintavar is dependent upon a number of factors, including the sale of properties. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recognized. Accordingly, some deferred tax assets have not been recognized.

As of December 31, the Corporation had unrecognized deferred tax assets as follows:

	2020	2019
	$	$
Fixed assets	1,949	451
Investment in a listed company	5,565	-
E&E expenses	510,392	374,441
E&E assets	3,980	10,810
Share issue costs	87,796	113,476
Non-capital losses	771,988	636,824
Deferred tax assets	**1,381,670**	**1,136,002**

As of December 31, 2020, expiration dates of losses available to reduce future years' income tax are:

	Federal	Provincial
	$	$
2031	307,186	320,838
2032	103,771	103,771
2033	167,175	167,176
2034	163,580	163,580
2035	175,213	175,109
2036	224,539	224,433
2037	60,304	60,241
2037	579,746	579,606
2038	1,159,567	1,151,317
2039	86,251	86,252
2039	369,751	364,747
2040	734,862	734,632
	4,131,945	**4,131,702**

23. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

Change in non-cash working capital items

	2020	2019
	$	**$**
Receivables	(36,294)	100,744
Inventory	48,084	(11,428)
Prepaid expenses and others	28,519	108,481
Trade and other payables	(370,965)	91,404
Deferred revenues	(2,286)	(36,896)
	(332,942)	**252,305**

(In Canadian Dollars)

23. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS (CONT'D)

Non-cash transactions

	2020	2019
	$	$
Property and equipment acquired and financed	75,618	-
Issuance of broker options as transaction fees on private placement	10,020	-
Option payment on an exploration and valuation asset in common shares of a listed company	34,547	-
Acquisition of business through issuance of shares	-	593,750
Reduction of an obligation under finance lease following repayment by insurances	-	54,627

24. FINANCIAL INSTRUMENTS AND RISKS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Corporation's main financial risk exposure and its financial risk management policies are as follows:

24.1 Market Risk

Interest rate risk

Since the guaranteed investment certificates are at fixed rates, the Corporation is not exposed to interest rate risk on the instruments themselves. The Corporation's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

All loans incurred in connection with the acquisition and operation of the Fer à Cheval bear interest at a fixed rate.

24.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and cash equivalents, investments and accounts receivable. The Corporation reduces its credit risk by maintaining part of its cash and cash equivalents and its investments in financial instruments held with a Canadian chartered bank, with a broker which is a subsidiary of a Canadian chartered bank or with an independent investment dealer member of the Canadian Investor Protection Fund.

As at December 31,2020, the cash and cash equivalents are composed of guaranteed investment certificates issued by Canadian banks or guaranteed by the Canadian Investor Protection Fund. Amounts receivables are non significant and the carrying amount of cash and cash equivalents and investments represents the Corporation's maximum credit exposure. Nevertheless, management considers the credit risk to be minimal.

(In Canadian Dollars)

24. FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

24.3 Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. Management believes that it has sufficient funds to finance its operations and meet its obligations as they come due.

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As at December 31, 2020, the Corporation is committed to future minimum payments of principal and interest on the debt, as follows:

	Up to 1 year	1 to 5 years	More than 5 years	Total
	$	**$**	**$**	**$**
Bank overdraft (note 5)	6,794	**-**	**-**	6,794
Trade and accrued liabilities (note 11)	239,398	**-**	**-**	239,398
Long-term debt (note14)	154,048	589,740	873,407	1,617,195
	400,240	**589,740**	**873,407**	**1,863,387**

24.4 Fair value

Certain of the Company's accounting policies and disclosures require the determination of fair value. Fair value represents the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods. Fair values have been determined for measurement and/or disclosure purposes based on the fair value hierarchy contained in the Company's financial instrument accounting policy. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The investment in a listed company measured at fair value in the consolidated statement of financial position was classified in Level 1. For all other financial assets and liabilities, their net carrying amount is a reasonable approximation of fair value given their relatively short maturities.

25. SUBSEQUENT EVENTS

After the end of the fiscal year, the Corporation and its subsidiary signed agreements totaling $1,223,560 for the rental and / or acquisition of cabins, dormitories, kitchen trailers and other equipment which will be financed from the agreements via financing contracts, from advances received from customers and the balance from the Corporation's treasury.