

# **EXPLOITS DISCOVERY CORP. (formerly MARINER RESOURCES CORP.)**

Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended January 31, 2021 and 2020

Expressed in Canadian Dollars

**Notice to Reader**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor. financials

EXPLOITS DISCOVERY CORP. (FORMERLY MARINER RESOURCES CORP.)  
 Consolidated Statements of Financial Position (unaudited)  
 Expressed in Canadian Dollars

As at	January 31, 2021	October 31, 2020
		Restated – Note 10
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 397,778	\$ 2,964,363
Receivables	205,527	117,306
Investment (Note 3)	410,000	105,000
Prepaid expenses	337,008	180,830
<b>Total current assets</b>	<b>1,350,313</b>	<b>3,367,499</b>
<b>Mineral properties (Note 4)</b>	<b>21,648,189</b>	<b>17,447,997</b>
<b>Total assets</b>	<b>\$ 22,998,503</b>	<b>\$ 20,815,496</b>
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 433,029	\$ 672,776
<b>Shareholder's equity</b>		
Share capital (Note 5)	24,702,650	16,968,055
Obligation to issue shares	600,000	4,134,000
Option & warrant reserve (Note 5)	1,854,934	1,855,074
Deficit	(4,592,110)	(2,814,409)
<b>Total equity</b>	<b>22,565,474</b>	<b>20,142,720</b>
<b>Total liabilities and equity</b>	<b>\$ 22,998,503</b>	<b>\$ 20,815,496</b>

Nature of operations and going concern (Note 1)  
 Subsequent events (Note 9)

*The accompanying notes form an integral part of these financial statements*

EXPLOITS DISCOVERY CORP.  
Consolidated Statements of Loss and Comprehensive Loss (unaudited)  
Expressed in Canadian Dollars

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For the three months ended	January 31, 2021	January 31, 2020
		Restated – Note 10
<b>Expenses</b>		
Initial listing expense	\$ -	\$ 0
Investor relations	617,918	1,180
Exploration & evaluation expenditures (Note 4)	1,055,003	6,015
Management fees	127,312	6,000
Office and administrative	9,124	3,309
Professional fees	61,937	3,000
Regulatory and filing fees	39,583	2,658
	(1,910,877)	(22,162)
<b>Other income (loss)</b>		
Fair value adjustment on investment (Note 3)	130,000	-
Interest income	3,175	704
<b>Comprehensive loss</b>	\$ (1,777,702)	\$ (21,458)
<b>Basic and diluted loss per common share</b>	\$ (0.12)	\$ (0.01)
<b>Basic and diluted weighted average number of common shares outstanding</b>	15,295,469	4,910,274

*The accompanying notes form an integral part of these financial statements*

EXPLOITS DISCOVERY CORP.  
Consolidated Statement of Changes in Equity (unaudited)  
Expressed in Canadian Dollars

	Shares outstanding	Share capital	Option and warrant reserve	Obligation to issue shares	Deficit	Total equity
<b>Balance at October 31, 2019 (Restated – Note 13)</b>	<b>6,500,000</b>	<b>\$ 402,779</b>	<b>\$ 15,400</b>	<b>\$ -</b>	<b>\$ (223,844)</b>	<b>\$ 194,335</b>
Shares issued for cash	15,134,050	4,130,831	(10,724)	-	-	4,120,107
Share issued for mineral properties	31,894,052	12,569,768	290,000	-	-	12,859,768
Share issuance costs	-	(135,323)	45,198	-	-	(90,125)
Share-based compensation	-	-	1,515,200	-	-	1,515,200
Obligation to issue shares	-	-	-	4,134,000	-	4,134,000
Net loss	-	-	-	-	(2,590,565)	(2,590,565)
<b>Balance at October 31, 2020</b>	<b>53,528,102</b>	<b>\$ 16,968,055</b>	<b>\$ 1,855,074</b>	<b>\$ 4,134,000</b>	<b>\$ (2,814,409)</b>	<b>\$ 20,142,720</b>
Shares issued for cash	1,750	403	(140)	-	-	263
Share issued for mineral properties	6,562,799	4,200,191	-	-	-	4,200,191
Obligation to issue shares	6,200,000	3,534,000	-	(3,534,000)	-	-
Net loss	-	-	-	-	(1,777,703)	(1,777,702)
<b>Balance at January 31, 2021</b>	<b>66,292,651</b>	<b>\$ 24,702,649</b>	<b>\$ 1,854,934</b>	<b>\$ 600,000</b>	<b>\$ (4,592,111)</b>	<b>\$ 22,565,472</b>

*The accompanying notes form an integral part of these financial statements*

EXPLOITS DISCOVERY CORP.  
Consolidated Statement of Cash Flows (unaudited)  
Expressed in Canadian Dollars

For the period ended	January 31, 2021	January 31, 2020
		Restated – Note 10
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss	\$ (1,777,702)	\$ (21,458)
<b>Items not involving cash:</b>		
Fair value adjustment on investment	(130,000)	-
<b>Changes in non-cash working capital:</b>		
Receivables	(88,221)	(2,441)
Prepaid expenses	(156,178)	-
Accounts payable and accrued liabilities	(243,968)	(48,638)
Net cash used in operating activities	(2,391,848)	(72,537)
<b>Investing activities</b>		
Mineral properties	-	0
Purchase of investments	(175,000)	-
Net cash used in investing activities	(175,000)	0
<b>Financing activities</b>		
Proceeds from issuance of equity for cash, net of costs	263	-
Net cash provided by financing activities	263	-
Net cash increase for period	(2,566,585)	(72,537)
Cash at beginning of period	2,964,363	219,889
Cash at end of period	\$ 397,778	\$ 147,352

*The accompanying notes form an integral part of these financial statements*

**1. Nature of operations and going concern**

Exploits Discovery Corp. (“Exploits” or the “Company”) (formerly Mariner Resources Corp.) was incorporated under the Business Corporations Act (British Columbia) on May 28, 2018. The Company changed its name on September 18, 2020, when it began trading under the symbol ‘NFLD” (note 4). The Company’s head office is at 595 Howe St, Suite 1100, Vancouver, BC, V6C 2T5. The Company is focused on evaluating, acquiring, and exploring mineral properties. The Company’s common shares trade on the Canadian Securities Exchange (the “Exchange” or “CSE”) and commenced trading on June 3, 2019.

The condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, and at the current stage of the Company’s development, the ability of the Company to continue as a going concern is dependent upon its ability to acquire additional means of financing. These material uncertainties related to certain adverse conditions and events that may cast significant doubt on the validity of this assumption.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the classifications on the statement of financial position. Such adjustments may be material.

Since November 1, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

**2. Basis of presentation**

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* and do not include all of the information required for full annual financial statements using International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These Condensed consolidated interim financial statements should be read in conjunction with the Company’s most recent annual audited financial statements for the year ended October 31, 2020 and the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual audited consolidated financial statements for the year ended October 31, 2020.

These financial statements were authorized for issue by the Audit Committee on March 31, 2021.

These financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; Exploits Gold Corp. and 1255919 BC Ltd (“1255919”). Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases. All inter-company transactions and balances are eliminated.

### 3. Investment

Pursuant to the Company's acquisition of Exploits Gold, the Company acquired 500,000 common shares of Volatus Capital Corp ("Volatus") with a fair value of \$180,000 in September 2020. Volatus is traded on the CSE under the symbol "VC" and is related by way of a common director.

As at January 31, 2021, the common shares of Volatus had a value of \$70,000 and the Company recorded a fair value adjustment of (\$35,000) on its investment for the period ended January 31, 2021.

In November 2020, the Company acquired 250,000 shares of C2C Gold Corp ("C2C") (formerly Taku Resources) for \$25,000. C2C is traded on the CSE under the symbol "CTOC". As at January 31, 2021 the common shares of C2C had a value of \$40,000 and the Company recorded a fair value adjustment of \$15,000 on its investment for the period ended January 31, 2021.

In December 2020, the Company acquired 1,500,000 shares of Opawica Explorations ("Opawica") for \$150,000. Opawica is traded on the CSE under the symbol "OPW". As at January 31, 2021 the common shares of Opawica had a value of \$300,000 and the Company recorded a fair value adjustment of \$150,000 on its investment for the period ended January 31, 2021.

### 4. Mineral properties

#### Silver Dollar Property

In August 2018, the Company entered into an option agreement whereby the Company was granted an option (the "Option") to acquire a 75% interest in the Silver Dollar Property ("Silver Dollar"), located in the Revelstoke Mining District of British Columbia, subject to an existing 1% net smelter royalty ("NSR"). The Option Agreement was amended in January 2019.

To exercise the Option, the Company made a cash payment of \$25,000, and additionally incur a cumulative \$1,000,000 in exploration expenditures on Silver Dollar (\$75,000 completed), issued and delivered cumulative of 900,000 common shares of the Company and made cash payments of \$400,000 in stages through June 2023.

In November 2020, the Company terminated this option agreement and paid \$66,894 as consideration for the termination. As a result of the termination, the Company wrote down its interest in the Silver Dollar property and recorded an impairment of \$43,203 for the year ended October 31, 2020.

#### Middle Ridge Property

In July 2020, the Company entered into a property purchase and sale agreement to acquire a 100% interest in the Middle Ridge property by making a cash payment of \$240,000 and issuing 1,800,000 common shares of the Company (recorded at a value of \$306,000). The property is subject to a 2% NSR which the Company can repurchase half (1%) for \$1,000,000.

In July 2020, the Company acquired a 100% interest in additional mineral claims, expanding its Middle Ridge property and True Grit property, by issuing 6,850,000 common shares (with a fair value of \$2,534,500), allocated on the basis of land size, being \$1,596,735 to Middle Ridge Property and \$937,765 to True Grit Property.



#### Great Bend Property

In July 2020, the Company staked certain claims in central Newfoundland and Labrador for a total cost of \$105,000, which the Company collectively now refers to as the Great Bend property.

In August 2020, the Company acquired a 100% interest in additional mineral claims, expanding the Great Bend property, by issuing 1,000,000 common shares (with a fair value of \$600,000). The Company will issue another 1,000,000 common shares upon completion of a pre-feasibility study (with a fair value of \$600,000). As of October 31, 2020, 1,000,000 common shares are recorded as obligation to issue shares. These mineral claims are subject to a 2% NSR which the Company can repurchase half (1%) for \$1,000,000.

In August 2020, the Company acquired a 100% interest in additional mineral claims, expanding its Great Bend Property, by issuing 103,316 common shares (with a value of \$61,990).

#### True Grit Property

In July 2020, the Company acquired a 100% interest in the True Grit property by issuing 150,000 common shares (with a fair value of \$55,500) and payment of \$14,000 to settle an underlying agreement. Certain mineral claims are subject to a 2% NSR of which half (1%) can be repurchased by the Company for \$1,000,000.

In July 2020, the Company acquired a 100% interest in additional mineral claims, expanding its Middle Ridge property and True Grit property, by issuing 6,850,000 common shares ( of \$2,534,500), allocated on the basis of land size, being \$1,596,735 to Middle Ridge Property and \$937,765 to True Grit Property.

In August 2020, the Company acquired a 100% interest in additional mineral claims, expanding its True Grit Property, by issuing 281,081 common shares of the Company (recorded at a value of \$168,648).

#### Mount Peyton Property

In August 2020, the Company acquired a 100% interest in the Mt. Peyton property by issuing a cash payment of \$2,000 and issuing 500,000 common shares (with a fair value of \$185,000). In addition, the Company must issue a further 5,000 common shares on the 6<sup>th</sup> through 20<sup>th</sup> anniversary of signing the agreement. Certain claims are subject to a 2% NSR which the Company can repurchase half (1%) for \$750,000.

In August 2020, the Company acquired a 100% interest in additional mineral claims, expanding its Mt. Peyton property, by issuing 504,426 common shares of the Company (with a fair value of \$302,655).

In September 2020, the Company expanded its Mt. Peyton property with additional claims through its acquisition of Exploits Gold Corp. (Note 4) of which \$5,067,745 is allocated to the Mt. Peyton property.

#### Gazebow Property

In August 2020, the Company acquired a 100% interest in the Gazebow property by issuing a cash payment of \$7,000 and issuing 600,000 common shares (with a fair value of \$360,000). These mineral claims are subject to a 2.0% NSR which the Company can repurchase half (1%) for \$1,000,000.

#### Dog Bay Property

In August 2020, the Company entered into an option agreement to acquire a 100% interest in the Dog Bay property by making a cash payment of \$30,000 and issuing 1,000,000 common (with a fair value of \$600,000). In addition, the Company must issue further payments as follows:

- \$40,000 cash and 400,000 common shares on the 1<sup>st</sup> anniversary; and
- \$50,000 cash and 500,000 common shares on the 2<sup>nd</sup> anniversary; and
- \$60,000 cash and 600,000 common shares on the 3<sup>rd</sup> anniversary; and
- \$70,000 cash and 1,000,000 common shares on the 4<sup>th</sup> anniversary; and
- \$10,000 in cash or common shares on the 5<sup>th</sup> to 10<sup>th</sup> anniversary; and
- \$50,000 in cash or common shares on the 11<sup>th</sup> to 20<sup>th</sup> anniversary.

Fulfillment of the payments up to the 4th anniversary will complete the option and result in the Company acquiring ownership of the property. Payments on or after the 5th anniversary will be in lieu of advance royalty payments. In addition, payments on or after the 5th anniversary may be made in cash or common shares at the discretion of the Company, where the value of any common shares issued will be at the 30 day volume weighted average price.

The property is subject to a 2% NSR which the Company can purchase half (1%) for \$4,000,000; the Company also has a right of first refusal on any sale or transfer of the NSR.

In August 2020, the Company acquired a 100% interest in additional mineral claims, expanding its Dog Bay property, by issuing 194,477 common shares (with a fair value of \$116,686).

In October 2020, the Company acquired all of the issued and outstanding shares of 1255919 for 6,200,000 shares of the Company. The only asset of 1255919 was a 100% interest in certain claims that have been allocated to the Dog Bay property. The acquisition was closed with the consideration valued at \$3,534,000, which was recorded as obligation to issue shares. In November 2020, 6,200,000 shares were issued. 1255919 had no other assets or liabilities and the full amount of the consideration has been allocated to the Dog Bay property acquired.

#### Jonathan's Pond Property

In September 2020, the Company acquired Jonathan's Pond property, comprising of 127 claims, through its acquisition of Exploits Gold Corp. of which \$2,533,873 is allocated to the Jonathan's Pond property. In December 2020, the company acquired an additional comprising of 45 mineral claims (11.25 square kilometers) surrounding the core of its 100-per-cent-owned Jonathan's Pond (JP) gold project located in the Exploits subzone gold belt, Newfoundland and Labrador. As consideration the Company issued 6,562,799 common shares to New Found Gold and a 2% NSR.

#### Other

In October 2020, the Company entered into a royalty and geological consulting services agreement with GoldSpot Discoveries, whereby GoldSpot Discoveries received a 0.5% NSR on all of the Company's Newfoundland Claims with an option to acquire a further 0.5% NSR for a one-time cash payment of \$1,000,000.

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Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
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Exploration and evaluation property acquisition costs

Property	Dog Bay	Gazebow	Great Bend	Jonathon's Pond	Middle Ridge	Mt. Peyton	Silver Dollar	True Grit	Total
<b>Balance, October 31, 2019 and 2018</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
Acquisition cost – cash	30,000	7,000	-	-	240,000	2,000	-	14,000	293,000
Acquisition Share Payments	4,250,686	360,000	1,261,990	2,533,873	1,902,735	5,555,400	-	1,161,913	17,026,597
Staking	23,400	-	105,000	-	-	-	18,203	-	146,603
Impairment	-	-	-	-	-	-	(43,203)	-	(43,203)
<b>Balance, October 31, 2020</b>	<b>\$ 4,304,086</b>	<b>\$ 367,000</b>	<b>\$ 1,366,990</b>	<b>\$ 2,533,873</b>	<b>\$ 2,142,735</b>	<b>\$ 5,557,400</b>	<b>\$ -</b>	<b>\$ 1,175,913</b>	<b>\$17,447,997</b>
Acquisition costs – share payments	-	-	-	4,200,191	-	-	-	-	4,200,191
<b>Balance, January 31, 2021</b>	<b>\$ 4,304,086</b>	<b>\$ 367,000</b>	<b>\$ 1,366,990</b>	<b>\$ 6,734,064</b>	<b>\$ 2,142,735</b>	<b>\$ 5,557,400</b>	<b>\$-</b>	<b>\$ 1,175,913</b>	<b>\$21,648,188</b>

EXPLOITS DISCOVERY CORP. (FORMERLY MARINER RESOURCES CORP.)  
Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
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Mineral property expenditures

<b>Three Months Ended:</b>	<b>January 31, 2021</b>	<b>January 31, 2020</b>
Airborne surveys	\$ 509,853	\$ -
Fieldwork and consumables	23,698	(2,487)
Geological consulting	241,859	8,503
Geophysics	31,044	-
Rentals	44,240	-
Sampling	63,856	-
Termination of Silver Dollar Property	66,894	-
Travel	27,020	-
Wages	46,540	-
<i>Total</i>	<b>\$ 1,055,004</b>	<b>\$ 6,016</b>

**5. Share Capital**

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares.

*During the year ended October 31, 2020, the Company:*

- Completed a private placement of 5,000,000 common shares at \$0.12 per share for gross proceeds of \$600,000. The Company incurred share issuance costs of \$1,064 in connection with this financing.
- Completed a private placement of 10,000,000 unit at \$0.35 per unit for gross proceeds of \$3,500,000. Each unit consisted of one common share and one warrant entitling the holder to acquire one additional common share at an exercise price of \$0.70 for 1 year. The Company paid share issuance costs of \$89,061 and issued 230,400 agents' warrants with an exercise price of \$0.70 and an expiry of 12 months. The fair value of the agents' warrants was \$45,198 using the following Black Scholes assumptions: expected life of 1 year, expected volatility of 100%, interest of 0.23% and a dividend yield of 0%.
- Issued 134,050 common shares pursuant to the exercise of warrants for cash proceeds of \$20,107. A total of \$30,831 was reallocated from reserves to share capital in connection with the exercise of these warrants.
- Issuance of 18,910,752 common shares with a value of \$7,278,789 as consideration for the acquisition of Exploits Gold (Note 4).
- Issuance of 12,983,300 common shares with a value of \$5,290,979 pursuant to various mineral property acquisition agreements (Note 6).
- As of October 31, 2020, the acquisition with 1255919 was closed with the consideration valued at \$3,534,000, which was recorded as obligation to issue shares (Note 6).
- As of October 31, 2020, the Company recorded obligation to issues shares with a value of \$600,000 pertaining to the acquisition of the Great Bend Property.

*During the three months ended January 31, 2021, the Company:*

- Entered into agreement with New Found Gold to acquire additional claims in the Jonathon's Pond property and as consideration the Company issued 6,562,799 common shares to New Found Gold (valued at \$4,200,191) and a 2% NSR.
- Issued 1,750 shares for proceeds of \$263 pursuant to the exercise of agents' warrants

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Escrowed securities

In connection with the IPO, 2,765,000 common shares of the Company were subject to a time release escrow where shares are released in stages over 3 years. As of January 31, 2021, 1,659,000 common shares remained in escrow.

b) Warrants

A summary of the warrants activity is as follows:

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted average Exercise Price
<b>Balance, as at October 31, 2019</b>	<b>192,500</b>	<b>\$0.15</b>
Issued	5,000,000	\$0.70
Issued – agents' warrants	230,400	\$0.70
Exercised	(134,050)	\$0.10
<b>Balance, as at October 31, 2020</b>	<b>5,288,850</b>	<b>\$0.69</b>
Exercised	(1,750)	\$0.15
<b>Balance, January 31, 2021</b>	<b>5,287,100</b>	<b>\$0.69</b>

As at January 31, 2021, warrants outstanding are as follows:

	Number of warrants outstanding	Exercise Price	Expiry date
	56,700	\$0.15	May 30, 2021
	2,914,286	\$0.70	September 25, 2021
	201,000	\$0.70	September 25, 2021
	2,085,714	\$0.70	October 13, 2021
	29,400	\$0.70	October 13, 2021
<b>Total</b>	<b>5,287,100</b>	<b>\$0.69</b>	

c) Options

The Company has established a stock option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the Company's issued and outstanding common shares. These options may be granted for a maximum of 10 years from the date of grant and vest as determined by the board of directors.

In October 2020, the Company granted 4,330,000 stock options to directors, officers and consultants with an exercise price of \$0.57 and an expiry of 3 years. The fair value of these options was estimated to be \$1,515,200 using the following Black Scholes assumptions: expected life of 3 years, expected volatility of 100%, risk free interest rate of 0.23% and an expected dividend yield of 0%.

Pursuant to the acquisition of Exploits Gold, the Company granted 1,000,000 options with an exercise price of \$0.59 and an expiry of July 6, 2022, with a value of \$290,000. The fair value of the options was determined using the Black-Scholes model with the following assumptions: expected life of 1.8 years, expected volatility of 85% to 100%, risk free interest of 0.24% and a dividend yield of 0%.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted average Exercise Price
<b>Balance, as at October 31, 2018 and 2019</b>	-	\$ -
Granted	5,330,000	\$0.57
<b>Balance, as at October 31, 2020 and January 31, 2021</b>	<b>5,330,000</b>	<b>\$0.57</b>

As at October 31, 2020, stock options outstanding are as follows:

Grant Date	Number of options		Exercise Price	Expiry date
	Outstanding	and Exercisable		
September 18, 2020	1,000,000		\$0.59	July 6, 2022
October 14, 2020	4,330,000		\$0.57	October 14, 2023
<b>Total</b>	<b>5,330,000</b>		<b>\$0.57</b>	

## 6. Financial instruments and risk management

### *Fair value of financial instruments*

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

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

The Company's investment in Volatus Capital Corp, C2C Gold Corp, and Opawica Gold Corp (Note 3) are classified as fair value through profit and loss and consist of common shares in a publicly traded entity and are classified as Level 1. As at January 31, 2021, the Company believes that the carrying values of cash, receivables and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

### *Financial instruments risk*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### Credit risk

Credit risk is defined as the risk of loss associated with counterparty's inability to fulfill its payment obligations. The maximum exposure to credit risk is the carrying amount of the Company's financial assets.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle its obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds available to meet its short-term business requirements by taking into account the anticipated cash expenditures for its exploration and other operating activities, and its holding of cash and cash equivalents. The Company will pursue further equity or debt financing as required to meet its commitments. There is no assurance that such financing will be available or that it will be available on favourable terms.

As at October 31, 2020, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal.

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements. There has been no changes in the Company's approach to capital management.

**7. Related party transactions**

The Company incurred and paid fees to directors and officers for management and professional services as follows:

<b>For the year ended</b>	<b>January 31 2021</b>	<b>January 31 2020</b>
Management fees paid to key management and directors	\$ 91,000	\$ 6,000
Professional fees paid to a corporation controlled by key management	-	3,000
Investor relations paid to corporation controlled by key management	-	900
Rent fees paid to corporation controlled by key management	-	3,309
	<b>\$ 91,000</b>	<b>\$ 13,209</b>

The Company's acquisition of 1255919 in October 2020 also included certain shareholders of 1255919, who had common directors with the Company at the time.

**Accounts payable**

As at January 31, 2021, \$201,460 (January 31, 2020 - \$3,812) included in accounts payable is due to a company controlled with common directors for geological consulting. The amount is non-interest bearing, unsecured and due on demand.

## 8. Supplemental disclosure with respect to cash flows

During the period ended January 31, 2021 the Company received interest totaling \$3,175 (2019 – \$1,691) relating to operating activities.

The Company did not pay interest or dividends, nor did it receive any dividends during the period ended January 31, 2021 and 2020.

Significant non-cash financing and investing transactions for the period ended January 31, 2021 included:

- Entered into agreement with New Found Gold to acquire additional claims in the Jonathon's Pond property. As consideration the Company issued 6,562,799 common shares to New Found Gold at a value of \$4,200,191).
- Issued 1,750 common shares pursuant to the exercise of agents' warrants.

## 9. Subsequent events

Subsequent to January 31, 2021, the Company:

- Granted incentive stock options to purchase up to an aggregate of 500,000 common shares exercisable on or before February 3, 2024 at a price of \$0.50 per share to certain of its directors, officers, employees and consultants.
- February 25, 2021 the Company announced a non-brokered private placement to raise \$4,000,000. The placement will consist of 3,333,333 units at \$0.45 and 5,102,040 flow-through units at \$0.49. Each unit, (flow through and non flow through) has a full warrant priced at \$0.67 for a term of 24 months with an accelerated expiry on 30 days notice on a 20 day VWAP.
- March 15, 2021 the Company announced the closing of the first tranche of the private placement announced February 25, 2021. The first tranche consisted of 1,353,744 non flow through units at \$0.45 per unit and 4,668,571 flow through units at \$0.49 raising a total of \$2,896,785
- March 24, 2021 The Company granted to certain of its directors, officers, employees and consultants incentive stock options to purchase up to an aggregate of 1.55 million common shares exercisable on or before Feb. 24, 2023, at a price of 50 cents per share.
- March 30, 2021 the Company announced the closing of the final tranche of the private placement announced February 25, 2021. The final tranche consisted of 2,431,722 non flow through units at \$0.45 and 65,000 flow through units at \$0.45 raising a total of \$1,125,125.
- March 31, 2021 the Company announced the purchase of an additional 9 mineral claims in Dog Bay increasing the land package by 4.5 km<sup>2</sup>. Consideration of 550,000 shares of the Company were issued as payment and the claims are subject to a 2% Net Smelter Royalty to the underlying vendor of which 1.0% may be bought out for \$1 million at any time.

## 10. Change in Accounting Policy

### Mineral properties

The Company has adopted a new accounting policy with respect to exploration and evaluation expenditures. In prior years, the Company's policy was to capitalize all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets. The Company has changed this accounting policy to



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expense exploration and evaluation expenditures as incurred, effective with the presentation of these financial statements on a retrospective basis. The Company has determined that this change in accounting policy enhances the reliability and relevance of the financial statements for users.

The accounting policies in note 3 to the audited consolidated financial statements for the year ended October 31, 2020 have been applied in these condensed consolidated interim financial statements for period ended January 31, 2021, the comparative information for the period ended January 31, 2020. The change in accounting policy has no impact on the opening statement of financial position as of November 1, 2018.

In preparing its statement of financial position, the Company has adjusted amounts reported previously in the financial statements. An explanation of how the transition from the amounts previously reported has affected the Company's financial position, financial performance and cash flows is set out below.

**Statement of Financial Position as at January 31, 2020**

	As previously reported	Effect of change in accounting policy	As restated under new accounting policy
Non-current assets			
Exploration and evaluation assets	\$ 94,094	\$ (69,094)	\$ 25,000
Equity			
Accumulated deficit	\$ (176,208)	\$ (69,094)	\$ (245,302)

Exploration and evaluation assets decreased by \$69,094, representing \$69,094 of net exploration and evaluation expenditures previously capitalized which have been charged to deficit.

**Statement of Operations and Comprehensive Loss for the period ended January 31, 2020**

	As previously reported	Effect of change in accounting policy	As restated under new accounting policy
Expenses			
Exploration and evaluation expenditures	\$ 0	\$ 6,015	\$ 6,015
Net loss for the period	\$ 15,443	\$ 6,015	\$ 21,458
Basic and diluted comprehensive loss per common share	\$ 0.01		\$ 0.01

Exploration and evaluation expenditures increased by \$6,015, previously capitalized to exploration and evaluation assets.

**Statement of Cash Flows for the period ended January 31, 2020**

	As previously reported	Effect of change in accounting policy	As restated under new accounting policy
Cash provided by (used in):			
Operating activities			
Net loss	\$ (15,443)	\$ (69,094)	\$ (84,537)
Investing activities:			
Exploration and evaluation assets	(6,015)	6,015	0
Change in cash, end of period	\$ (21,458)	\$ (63,079)	\$ (84,537)

Net cash used in operating activities increased by \$6,015 as net loss increased \$63,079 for the amounts previously capitalized as exploration and evaluation assets.