



**AURELIUS MINERALS INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2020 AND NINE MONTH PERIOD ENDED DECEMBER 31, 2019**

**(expressed in Canadian dollars unless otherwise noted)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Aurelius Minerals Inc.

### *Opinion*

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and the nine month period ended December 31, 2019 in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. As stated in Note 1, these material uncertainties may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

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

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

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



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

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

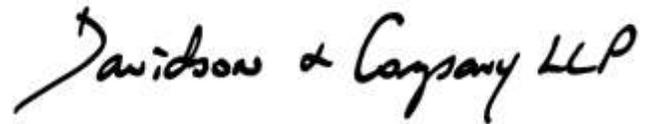
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Harris.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 28, 2021



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (expressed in Canadian dollars)	Note	December 31 2020 \$	December 31 2019 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	5	3,330,376	459,426
Receivables	6	404,456	33,831
Prepaid expenses and deposits		130,518	20,877
		<b>3,865,350</b>	514,134
<b>Property, plant and equipment</b>	7	<b>1,400,000</b>	169,162
<b>Mineral properties</b>	8	<b>1,320,700</b>	506,185
<b>Reclamation deposit</b>	9	<b>1,500,000</b>	-
<b>Deposits</b>	9	<b>117,185</b>	-
<b>Deferred acquisition costs</b>	4	-	99,659
<b>Total Assets</b>		<b>8,203,235</b>	1,289,140
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11,15	995,818	281,603
Current portion of lease liability	12	73,061	119,467
Flow-through premium liability	16	494,116	-
Convertible note payable	13	-	456,200
		<b>1,562,995</b>	857,270
<b>Lease liability</b>	12	<b>201,565</b>	42,540
<b>Reclamation obligation</b>	14	<b>667,000</b>	-
<b>Obligation upon Aureus Gold acquisition</b>	4,10	<b>1,393,674</b>	-
<b>Total Liabilities</b>		<b>3,825,234</b>	899,810
<b>Shareholders' equity</b>			
Share capital	16	17,805,504	9,966,974
Warrants	16	154,500	317,500
Reserves	16	1,341,996	544,129
Deficit		<b>(14,923,999)</b>	(10,439,273)
<b>Total Shareholders' Equity</b>		<b>4,378,001</b>	389,330
<b>Total Liabilities and Shareholders' Equity</b>		<b>8,203,235</b>	1,289,140

Nature and continuance of operations (Note 1).

Approved and authorized on behalf of the Board of Directors:

*"Randy Turner"*

Randy Turner, Chairman

*"Michael Leskovec"*

Michael Leskovec, Director

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



## CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)	Note	Twelve Month Period Ended December 31 2020 \$	Nine Month Period Ended December 31 2019 \$
<b>EXPENSES</b>			
Exploration	8	3,192,085	643,136
Salaries and management fees	15	664,851	297,294
Director fees		109,583	82,500
Investor relations		88,485	16,668
Regulatory and transfer agent fees		78,128	17,245
Legal, audit and accounting		75,839	33,533
Office and miscellaneous	15	60,920	25,830
Rent recovery	15	(65,146)	(45,163)
Travel		98,337	34,947
Depreciation	7	154,616	86,941
Interest expense on lease liability	12	16,678	15,610
Share-based payment	16	375,210	-
		<b>(4,849,586)</b>	<b>(1,208,541)</b>
<b>OTHER INCOME (EXPENSES)</b>			
Interest income		9,485	5,726
Recognition of flow-through premium liability	16	230,107	147,000
Loss on acquisition obligation settlement	10	(31,250)	-
Foreign currency gain		145,577	-
		<b>353,919</b>	<b>152,726</b>
<b>Loss and comprehensive loss for the period</b>		<b>(4,495,667)</b>	<b>(1,055,815)</b>
<b>Basic and diluted loss per common share</b>		<b>(0.02)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding</b>		<b>189,874,408</b>	<b>123,869,835</b>

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



## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Month Period Ended December 31 2020	Nine Month Period Ended December 31 2019
(expressed in Canadian dollars)	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the period	(4,495,667)	(1,055,815)
Items not involving cash:		
Flow-through premium liability	(230,107)	(147,000)
Loss on acquisition obligation settlement	31,250	-
Share-based payment	375,210	-
Unrealized foreign exchange (gain) loss	(107,032)	-
Depreciation	154,616	86,941
Interest expense on lease liability	16,678	15,610
Changes in non-cash working capital items:		
Receivables	(189,200)	51,627
Accrued interest receivable	(6,920)	(538)
Prepaid expenses	(105,866)	7,595
Accounts payable and accrued liabilities	624,377	(194,185)
<b>Net cash provided by (used in) operating activities</b>	<b>(3,932,661)</b>	<b>(1,235,765)</b>
<b>Cash flows from financing activities</b>		
Convertible note proceeds	-	456,200
Issuance of capital stock for cash	7,043,235	262,500
Share issuance costs	(411,740)	(13,307)
Exercise of warrants for cash	486,512	-
Repayment of lease liability	(150,795)	(97,720)
<b>Net cash provided by (used in) financing activities</b>	<b>6,967,212</b>	<b>607,673</b>
<b>Cash flows from investing activities</b>		
Deferred acquisition costs	(337,842)	(16,392)
Mineral property acquisition	(764,515)	(20,000)
Property and equipment purchases	(67,086)	-
Cash assumed upon acquisition of Aureus Gold	1,005,842	-
<b>Net cash provided by (used in) investing activities</b>	<b>(163,601)</b>	<b>(36,392)</b>
<b>Change in cash during the period</b>	<b>2,870,950</b>	<b>(664,484)</b>
<b>Cash, beginning of the period</b>	<b>459,426</b>	<b>1,123,910</b>
<b>Cash, end of the period</b>	<b>3,330,376</b>	<b>459,426</b>

Supplemental disclosure with respect to cash flows (Note 17).

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



## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(expressed in Canadian dollars)	Shares #	Share Capital \$	Share Subscriptions Receive in Advance \$	Warrants \$	Reserves \$	Deficit \$	Total \$
<b>Balance, March 31, 2019</b>	<b>120,562,562</b>	<b>9,809,031</b>	<b>25,000</b>	<b>201,250</b>	<b>544,129</b>	<b>(9,383,458)</b>	<b>1,195,952</b>
Issued for private placements (Note 16b)	5,750,000	171,250	(25,000)	116,250	-	-	262,500
Share issuance costs (Note 16b)	-	(13,307)	-	-	-	-	(13,307)
Loss for the period	-	-	-	-	-	(1,055,815)	(1,055,815)
<b>Balance, December 31, 2019</b>	<b>126,312,562</b>	<b>9,966,974</b>	<b>-</b>	<b>317,500</b>	<b>544,129</b>	<b>(10,439,273)</b>	<b>389,330</b>
Issued for private placements (Note 16b)	119,611,422	7,043,235	-	-	-	-	7,043,235
Issued to settle deferred payments	14,041,404	1,209,144	-	-	-	-	1,209,144
Issued for settlement of note payable (Note 13, 16b)	7,128,125	456,200	-	-	-	-	456,200
Issued upon warrant exercise (Note 16b)	6,975,200	571,753	-	(77,000)	(8,241)	-	486,512
Issued for minerals properties (Note 16b)	2,000,000	50,000	-	-	-	-	50,000
Broker warrants (Note 16b,e)	-	(441,839)	-	-	441,839	-	-
Share issuance costs (Note 16b)	-	(411,740)	-	-	-	-	(411,740)
Flow-through premium liability (Note 16b)	-	(724,223)	-	-	-	-	(724,223)
Share-based payment (Note 16d)	-	-	-	-	375,210	-	375,210
Reserves transferred on expired options (Note 16d)	-	-	-	-	(10,941)	10,941	-
Reserves transferred on expired warrants (Note 16e)	-	86,000	-	(86,000)	-	-	-
Loss for the year	-	-	-	-	-	(4,495,667)	(4,495,667)
<b>Balance, December 31, 2020</b>	<b>276,068,713</b>	<b>17,805,504</b>	<b>-</b>	<b>154,500</b>	<b>1,341,996</b>	<b>(14,923,999)</b>	<b>4,378,001</b>

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



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2020 and nine months ended December 31, 2019**

(expressed in Canadian dollars, unless otherwise noted)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Aurelius Minerals Inc. was incorporated on April 5, 2007 under the Business Corporations Act, British Columbia. Aurelius Minerals Inc. and its subsidiary (“Aurelius” or the “Company”) are engaged in the exploration of its gold projects. On February 27, 2020, Aurelius completed the acquisition of its wholly owned subsidiary, Aureus Gold Inc. (previously 2672403 Ontario Inc.), which holds the Aureus Gold properties in Nova Scotia, Canada. Aurelius also holds the Mikwam and Lipton gold exploration properties within the northern Abitibi Gold Belt in Ontario, Canada. The Company’s registered and records office is 2500 – 700 West Georgia Street, Vancouver, BC, Canada, V7Y 1B3. The Company also has an office in Toronto at 1900 – 110 Yonge Street, Toronto, ON, Canada, M5C 1T4. The shares of the Company are traded on the TSX Venture Exchange (“TSX-V”) under the symbol AUL and the OTCQB in the United States (OTCQB: AURQF).

The Company is subject to risks and challenges similar to other companies in a comparable stage of exploration. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing to meet minimum capital required to successfully complete its commitments and continue as a going concern. In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn or recessionary conditions. While the Company has not been adversely affected to date, other than a delay in the commencement of its 2020 exploration programs at its Nova Scotia properties, it is not possible for the Company to predict the duration or magnitude of the adverse results of COVID-19 and its effects on Aurelius’ business or financial position at this time. Aurelius will continue to assess the impact of COVID-19 which remains a risk that could have material negative effects on access to capital market financing, the Company’s business and financial position.

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

### **2. BASIS OF PRESENTATION**

#### **Statement of compliance**

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

The Company’s Board of Directors approved these financial statements on April 28, 2021.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 and nine months ended December 31, 2019

(expressed in Canadian dollars, unless otherwise noted)

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### **Basis of presentation**

These consolidated financial statements include the accounts of Aurelius Minerals Inc. and its wholly owned subsidiary, Aureus Gold Inc. from the date of acquisition (Note 4), and all intercompany transactions and balances are eliminated on consolidation.

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

### **Use of estimates and judgements**

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

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

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

#### ***Economic recoverability and probability of future economic benefits of exploration and evaluation assets***

Management has determined that mineral costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits including geological and metallurgical information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plan at each reporting period date to determine whether any indication of impairment exists.

#### ***Acquisition accounting***

The assessment of whether acquisitions are considered business combinations or asset acquisitions requires management judgement, the outcome of which may result in different accounting treatments. Judgement is also required to determine the fair value of the purchase price of the Acquisition (Note 4) based on the probability of making a future payment, in cash or shares, or returning the shares to Sprott Lending which is dependent on future exploration success. Judgement is also required to determine if the potential contingent payment should be classified as equity or a liability. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is re-measured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are expensed to the statement of loss and comprehensive loss.

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

#### ***Decommissioning and rehabilitation provision***

Management's determination of the Company's decommissioning and rehabilitation provision is based on the reclamation and closure activities it anticipates as being required and its estimate of the probable costs and timing of such activities and measures. Accounting for reclamation obligations requires management to make estimates and judgements of the future costs the Company will incur to complete the reclamation work required to comply



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 and nine months ended December 31, 2019

(expressed in Canadian dollars, unless otherwise noted)

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with existing laws and regulations at each mining operation and exploration and development property. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

### ***Valuation of share-based payments***

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves. The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable.

### ***Income taxes***

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

### ***Change in year end***

On February 27, 2020, the Company filed a notice of change of year end pursuant to NI 52-102 Continuous Disclosure Obligations. The Company changed its fiscal year end from March 31 to December 31 in order to better align the Company's financial reporting periods to those of its peer group in the mineral resources sector and facilitate marketplace assessment of the Company's business performance. The Company's transition period was the nine month period ended December 31, 2019. These consolidated financial statements are for year ended December 31, 2020, the comparative period for the statement of comprehensive loss, statement of changes in equity, and statement of cash flows is the nine month period ended December 31, 2019. For the statement of financial position as at December 31, 2020, the comparative balances are as at December 31, 2019.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### ***Foreign exchange***

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in income or loss.

### ***Cash and cash equivalents***

Cash and cash equivalents includes cash and highly liquid investments in the form of term deposits, Government of



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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Canada treasury bills, and Guaranteed Investment Certificates (“GICs”), denominated in US dollars and Canadian dollars, with investment terms that are less than 90 days at the time of acquisition. These investments are stated at cost plus accrued interest, which approximate their fair value.

### **Financial instruments**

#### ***Financial assets***

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI, are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Amounts receivable are measured at amortized cost with subsequent impairments recognized in profit or loss. Cash and cash equivalents is classified as FVTPL. Amounts receivable are classified at amortized cost.

#### ***Impairment***

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted as the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### ***Financial liabilities***

Financial liabilities are designated as either (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, lease liabilities and the acquisition obligation are classified and measured at amortized cost.

### **Leases**

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

The Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs,



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2020 and nine months ended December 31, 2019**

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less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate.

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

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are allocated between the lease liability and interest expense. Interest expense is charged to the statement of loss and comprehensive 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 lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company sublets a portion of its Toronto office. This sublease can be terminated without permission with no significant penalty and does not meet the definition of an enforceable contract under IFRS 16 (Note 12).

### **Convertible debt**

The host debt liability component of convertible debt is recognized initially at fair value, net of direct expenses, by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option. The equity conversion feature is recognized initially as the difference between the fair value of the host debt liability and the value of convertible debt as a whole. Subsequent to initial recognition, the host debt liability component is measured at amortized cost using the effective interest method; the liability component is increased by accretion of the discounted amounts to reach the nominal value of the debentures at maturity.

### **Property, plant and equipment**

Property and equipment are stated at cost, less accumulated depreciation and amortization and any impairment. Cost includes expenditures that are directly attributable to the acquisition of the 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 benefits associated with the item will flow to the Company 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 income or loss during the period in which they are incurred. Property and



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 and nine months ended December 31, 2019

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equipment is depreciated using the straight-line method over their estimated useful lives, which are generally estimated at between 2 and 5 years. Mobile and infrastructure equipment is depreciated using the straight-line method over their estimated useful lives, estimated to be between 7 and 10 years. Right of use assets are amortized using the straight-line method of the term of the lease.

The assets' residual values, method of depreciation and useful lives, are reviewed annually and modified if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statements of income or loss.

### Mineral properties

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with IFRS 6, *Exploration for and Evaluation of Mineral Resources*. The Company capitalizes mineral property acquisition costs, which include the cash consideration, option payments under an earn-in arrangement, and the fair value of common shares issued for mineral properties. The acquisition costs are deferred until the property is placed into production, sold or abandoned or determined to be impaired. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company expenses to operations all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditures relate to costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping, and other activities in searching for ore bodies under the properties, and evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property by property basis.

### Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

### Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate



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largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of income or loss.

### **Income taxes**

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

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

### **Share capital**

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares, net of any tax effects, are recognized as a deduction from equity.

Flow-through common shares may be issued from time to time to finance a portion of the Company's exploration activities and results in the tax deductibility of the qualifying resource expenditures funded from the proceeds of the sale of such shares being transferred to the purchasers of the shares. On the issuance of such shares, the Company bifurcates the flow-through shares into: a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a liability, and share capital. The Company estimates the portion of the proceeds attributable to the premium as being the excess of the subscription price over the fair value of the shares without the flow-through feature at the time of issuance. The premium is recorded as a deferred liability and is included in income at the time the qualified Canadian exploration expenditures ("CEE") as defined in the Income Tax Act (Canada) are incurred.

The value of common shares and warrants issued as private placement units is measured using the residual value method, which first allocates value to the more easily measurable component based on fair value (common shares in the private placements) and then the residual value, if any, to the less easily measurable component (warrants in the private placements). Warrants that are issued as agency compensation or other transaction costs are accounted for as share issue costs. Consideration paid for the shares on the exercise of warrants is credited to share capital.

### **Share-based payments**

The Company grants stock options to directors, officers, employees and/or consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited



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to share capital.

For vested options that have expired or were cancelled unexercised, the Company reverses the share-based payment reserve against deficit.

### Loss per share

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

### New standards not yet adopted

Certain new accounting standards and interpretations have been issued that are not mandatory for reporting periods ending December 31, 2020 and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## 4. ACQUISITION

On February 27, 2020, the Company announced that pursuant to a master transaction agreement (the "Transaction Agreement") entered into between Aurelius and Sprott Private Resource Lending (Collector) LP, by its General Partner, Sprott Resource Lending Corp. ("Sprott Lending" or "Sprott"), Aurelius had completed the acquisition (the "Acquisition") of Aureus Gold Inc. (previously 2672403 Ontario Inc.) ("Aureus Gold"), the owner of a 100% interest in the Aureus gold properties including the Aureus Gold Project (other than the Aureus West Project), the Tangier Gold Project and the Forest Hill Gold Project located in Nova Scotia (collectively named, the "Aureus Gold Properties") for total consideration of up to US\$8,200,000 in deferred payments (the "Deferred Payments"). The Deferred Payments are payable in cash or common shares of Aurelius ("Aurelius Shares") or a combination of cash and Aurelius Shares at the sole option of the Company. Prior to closing Sprott Lending deposited US\$750,000 related to the Aureus West property acquisition and payment of certain other expenses and satisfied the outstanding balance of the Reclamation Deposit of \$225,000 in July 2020. On May 7, 2020, Aurelius completed the acquisition of the Aureus West property.

Subject to the terms of the Transaction Agreement, Aurelius acquired Aureus Gold in consideration for the Deferred Payments, payable as follows: (a) US\$2,500,000 within 90 days after filing a National Instrument 43-101 – Standard of Disclosure for Mineral Projects ("NI 43-101") technical report in respect of all or part of the Aureus Gold Properties that establishes a minimum of 500,000 contained equivalent ounces of gold in the Measured and Indicated Mineral Resource categories (the "Mineral Resources Estimate Report"); and (b) provided that the Deferred Payment in (a) above has become due and payable, US\$5,700,000 on the first anniversary of the filing of a NI 43-101 feasibility study on all or part of the Aureus Gold Properties (the "Feasibility Study"). Aurelius has granted Sprott Lending a first ranking security interest on all assets related to the Aureus Gold Properties until the balance of the Deferred Payments has been satisfied, which was extended to the Aureus West property upon its acquisition.

Aurelius has the right, for a period of three years from the closing of the Acquisition, to extinguish the Deferred Payments for consideration of US\$4,000,000 payable in cash or in Aurelius Shares to Sprott Lending, less any prior payments made in cash or Aurelius Shares. Should the Company elect to pay the Deferred Payments in Aurelius



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Shares in an amount that would result in Sprott holding 20% or more of the issued and outstanding Aurelius Shares, such issuance will be subject to further review of the TSX Venture Exchange and acceptance and will require disinterested shareholder approval.

In the event that the Mineral Resources Estimate Report and/or the Feasibility Study has not been filed by the fifth anniversary of the closing of the Acquisition or Aurelius has otherwise determined in good faith not to proceed with preparing the Mineral Resources Estimate Report and/or Feasibility Study, and provided that a Change of Control has not occurred and is not contemplated, subject to certain conditions, Aurelius will be permitted to transfer the shares of Aureus Gold back to Sprott Lending for no additional consideration and the parties would then have no further obligations under the Transaction Agreement with respect to the Aureus Gold Properties.

The Company has the right to pay the future purchase obligation in cash or shares and accordingly, under *IFRS 2 – Share-Based Payment*, management is required to assess the probability of the likelihood of the issuance of shares. Under *IAS 32 – Financial Instruments: Presentation*, management assessed that the future purchase obligation is a contingent settlement which results in a variable number of issuable common shares of the Company, dependent upon the share price at settlement and is classified as a liability. In addition, the liability contains a derivative feature under *IFRS 9 – Financial Instruments* as the fair value changes with changes in foreign exchange rates. Based on the probabilities assigned to whether management exercises the Deferred Payments, the early payment option of US\$4,000,000 or the right to transfer the Aureus Gold shares back to Sprott Lending, the value of the contingent consideration to acquire Aureus Gold was estimated at US\$2,000,000. The United States dollar denominated contingent obligation will be re-measured at each reporting date and changes in fair value due to changes in foreign exchange rates will be expensed to the statement of loss and comprehensive loss (Note 10).

The transaction is accounted for as an asset acquisition and the allocation of the purchase price to the assets acquired and liabilities assumed is based on estimated fair values at the time of acquisition.

The current allocation of the purchase price to the estimated fair value of the assets and liabilities of Aureus Gold is as follows:

	\$
<b>Purchase price</b>	
Contingent obligation to issue cash or shares	2,678,600
Transaction costs	354,234
	<b>3,032,834</b>
<b>Fair value of assets and liabilities acquired</b>	
Cash	1,005,842
Receivables	382,803
Prepaid expenses	3,775
Deposits	117,185
Property, plant and equipment	1,071,631
Reclamation deposit	1,275,000
Accounts payable and accrued liabilities	(156,402)
Reclamation provision	(667,000)
	<b>3,032,834</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 5. CASH AND CASH EQUIVALENTS

	December 31 2020 \$	December 31 2019 \$
Cash	2,780,376	129,426
GIC (fully redeemable)	550,000	330,000
	<b>3,330,376</b>	459,426

### 6. RECEIVABLES

	December 31 2020 \$	December 31 2019 \$
Input sales tax recoverable	397,536	33,293
Interest receivable	6,920	538
	<b>404,456</b>	33,831

### 7. PROPERTY, PLANT AND EQUIPMENT

	Mill equipment \$	Mobile and infrastructure equipment \$	Office furniture and equipment \$	Exploration equipment \$	Right of use assets \$	Total \$
<b>Cost</b>						
At March 31, 2019	-	-	13,611	-	-	13,611
Additions	-	-	-	-	244,117	244,117
Balance – December 31, 2019	-	-	13,611	-	244,117	257,728
Acquisition	952,358	119,273	-	-	-	1,071,631
Additions	-	12,866	-	54,219	246,738	313,823
<b>Balance – December 31, 2020</b>	<b>952,358</b>	<b>132,139</b>	<b>13,611</b>	<b>54,219</b>	<b>490,855</b>	<b>1,643,182</b>
<b>Accumulated depreciation</b>						
At March 31, 2019	-	-	1,625	-	-	1,625
Depreciation	-	-	2,439	-	84,502	86,941
Balance – December 31, 2019	-	-	4,064	-	84,502	88,566
Depreciation	-	15,968	3,030	790	134,828	154,616
<b>Balance – December 31, 2020</b>	<b>-</b>	<b>15,968</b>	<b>7,094</b>	<b>790</b>	<b>219,330</b>	<b>243,182</b>
<b>Net book value</b>						
At December 31, 2019	-	-	9,547	-	159,615	169,162
<b>At December 31, 2020</b>	<b>952,358</b>	<b>116,171</b>	<b>6,517</b>	<b>53,429</b>	<b>271,525</b>	<b>1,400,000</b>

As at December 31, 2020, the mill is not considered available for use and accordingly is not being depreciated.

### 8. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to



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the best of its knowledge, title to all of its properties, are properly registered and in good standing.

The Company capitalizes mineral property acquisition costs only, which include the cash consideration, earn-in or option agreement payments and the fair value of common shares issued for mineral properties. The Company holds interests in two mineral properties located in Ontario, Canada, and the Aureus Gold Properties, including the Aureus East and West, Tangier and Forest Hill properties, in Nova Scotia, Canada. The capitalized acquisition costs are as follows:

	Mikwam	Lipton	Aureus West	Total
	\$	\$	\$	\$
Balance – March 31, 2019	257,500	228,685	-	486,185
Additions	-	20,000	-	20,000
<b>Balance – December 31, 2019</b>	<b>257,500</b>	<b>248,685</b>	<b>-</b>	<b>506,185</b>
Additions	-	<b>30,000</b>	<b>784,515</b>	<b>814,515</b>
<b>Balance – December 31, 2020</b>	<b>257,500</b>	<b>278,685</b>	<b>784,515</b>	<b>1,320,700</b>

### Mikwam

The Company acquired a 100% interest in Mikwam (subject to certain royalty interests and encumbrances) for aggregate cash payments of \$25,000 and 4,000,000 shares with aggregate fair value of \$232,500 to ALX Uranium Corp. (“ALX”) over a period of two years. In addition, the Company will pay ALX a 0.5% net smelter returns royalty (“NSR”). The Company has the right, at any time, to acquire the NSR from ALX in consideration of a cash payment of \$1,000,000.

### Lipton

The Company entered into an option agreement to acquire a 100% interest in a portion of the Lipton Property, subject to a 2% NSR. The Company must pay \$1,000,000 over a ten-year period and issue 500,000 common shares (500,000 issued with an aggregate value of \$72,500). The Company has paid \$100,000 (initial payment of \$10,000 was made August 22, 2016) and the remaining \$900,000 is payable in annual cash payments between June 2021 and June 2026. The Company has the option to buy-back one-half of the NSR for \$2,500,000. The Company incurred costs related to staking additional claims, not subject to an NSR, in the amount of \$106,185.

In June 2020, the Company entered into a land access agreement with De Beers Canada Inc. (“De Beers”) which permits De Beers the exclusive right to conduct activities to explore for diamonds on certain of the Lipton claims for one year upon receipt of an initial \$20,000 payment to Aurelius, which was received on July 9, 2020. The land access agreement is renewable annually upon receipt of payments of \$30,000 from De Beers.

### Aureus East

The Company acquired the Aureus East property from Spratt Lending on February 27, 2020 (Note 4). The Company also holds an Environmental Approval and Industrial Approval for the Property, both of which remain in place and valid. The Department of Energy and Mines, Nova Scotia holds a 1% NSR on all gold sales. The property is also subject to a 1% NSR held by Metalla Royalty & Streaming Ltd.

### Aureus West

The Company acquired the Aureus West property from Nycon Resources, Inc. on May 5, 2020 for cash consideration of US\$500,000 and 2,000,000 common shares of the Company with a fair value of \$50,000 and incurred transaction costs of \$32,915. The Department of Energy and Mines, Nova Scotia holds a 1% NSR on all gold sales. The property is also subject to a 2% NSR held by Nycon Resources, Inc. The Company has the option to buy-back one-half of the NSR for US\$750,000 and, following exercise of the first buy-back right, has the option to buy-back the second-half of the NSR for US\$1,000,000.



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### Tangier

The Company acquired the Tangier property from Sprott Lending on February 27, 2020 (Note 4). The Department of Energy and Mines, Nova Scotia holds a 1% NSR on all gold sales. Aurelius holds surface rights to the property subject to an annual payment of \$12,000 and a 1% net profits royalty from minerals produced up to a maximum of \$1 million.

### Forest Hill

The Company acquired a 100% interest in mineral rights to the Forest Hill property on February 27, 2020 (Note 4). The Nova Scotia Department of Energy and Mines owns a 1% NSR on all gold sales. A previous Optionor holds a sliding scale royalty on portions of the property. All other marketable commodities within an area of interest are subject to a 1.75% NSR.

The Company incurred exploration expenditures as follows:

	Mikwam \$	Lipton \$	Aureus East \$	Aureus West \$	Tangier \$	Forest Hill \$	Total \$
Land management	7,397	1,725	-	-	-	-	9,122
Geology	235,161	3,408	-	-	-	-	238,569
Geophysics	321,710	-	-	-	-	-	321,710
Sampling and analysis	42,566	-	-	-	-	-	42,566
Drilling	31,169	-	-	-	-	-	31,169
<b>Nine months ended December 31, 2019</b>	<b>638,003</b>	<b>5,133</b>	-	-	-	-	<b>643,136</b>
Land management	4,500	4,875	5,708	-	17,949	-	33,032
Site admin/maintenance	-	-	912,606	193,717	36,778	11,585	1,154,686
Geology	157,257	-	314,699	240,359	70,980	56,458	839,753
Sampling and analysis	-	-	89,660	107,587	-	-	197,247
Drilling	-	-	445,896	541,471	-	-	987,367
Recoveries	-	(20,000)	-	-	-	-	(20,000)
<b>Year ended December 31, 2020</b>	<b>161,757</b>	<b>(15,125)</b>	<b>1,768,569</b>	<b>1,083,134</b>	<b>125,707</b>	<b>68,043</b>	<b>3,192,085</b>

## 9. DEPOSITS

### Reclamation Deposit

The Company assumed reclamation security payments to the Department of Energy and Mines of Nova Scotia related to the Aureus Gold property acquisition (Note 4). The reclamation security deposit totals \$1,500,000 as at December 31, 2020.

### Deposits

The Company assumed deposits of \$117,185 with Nova Scotia Power (Note 4).



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**10. OBLIGATION UPON ACQUISITION OF AUREUS GOLD**

<b>Contingent Obligation</b>	<b>\$</b>
Opening – January 1, 2020	-
Additions (Note 4)	2,678,600
Settlement upon Sprott’s participation right	(1,183,426)
Effect of foreign currency changes	(101,500)
<b>Balance – December 31, 2020</b>	<b>1,393,674</b>

On November 30, 2020, in connection with a private placement, the Company issued 10,916,404 common shares to Sprott Lending at a price of \$0.085 per common share, in connection with the exercise of its participation right to maintain its percentage shareholding of Aurelius under the Transaction Agreement (Note 4). \$930,963 (US\$715,685), being the value of the participation right exercise, was credited towards the First Deferred Payment and reduced the acquisition obligation.

On October 1, 2020, the Company issued of 3,125,000 common shares to Sprott Lending at a price of \$0.08 per common share in consideration of a reduction of the First Deferred Payment under the Transaction Agreement (Note 4). \$252,463 (US\$189,950), being the value of the participation right exercise, was credited towards the First Deferred Payment and reduced the acquisition obligation. The difference between the issue price of the common shares and the fair value of the shares, being the closing price per share on that date of issue, resulted in a \$31,250 loss on acquisition obligation settlement.

**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>December 31 2020</b>	December 31 2019
	<b>\$</b>	<b>\$</b>
Trade payables	<b>631,045</b>	131,397
Accrued liabilities	<b>364,773</b>	150,206
	<b>995,818</b>	281,603

**12. LEASE LIABILITY**

	<b>December 31 2020</b>	December 31 2019
	<b>\$</b>	<b>\$</b>
<b>Current portion of lease liability</b>	<b>119,467</b>	-
Additions	<b>29,768</b>	140,356
Transfer from long-term lease liability	<b>57,943</b>	61,221
Lease payments during the period	<b>(150,795)</b>	(97,720)
Interest expense on lease liability	<b>16,678</b>	15,610
	<b>73,061</b>	119,467
<b>Non-current lease liability</b>	<b>42,540</b>	103,761
Additions	<b>216,968</b>	-
Transfer to current lease liability	<b>(57,943)</b>	(61,221)
	<b>201,565</b>	42,540

As at December 31, 2020, the Company is required to pay \$87,964 (2019 – \$130,291) in undiscounted lease



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payments within the next twelve months and \$103,881 (2019 – \$43,430) over the remaining term of the leases for a total of \$191,845 (2019 – \$173,721). The Company's leases relate to the corporate office space and Aureus Gold Inc. site light vehicles.

During the year ended December 31, 2020, the Company recorded a rent recovery of \$65,146 (Nine months ended December 31, 2019 – \$45,163) for receipts related to the sub lease arrangement not included in lease liabilities, in the statement of loss and comprehensive loss.

### 13. CONVERTIBLE NOTE PAYABLE

On December 19, 2019, the Company issued a non-interest bearing unsecured convertible promissory note of the Company to Sprott in the principal amount of \$456,200. The Note was convertible at the option of Sprott into common shares of the Company at \$0.05 per share (subsequently amended to \$0.064 per share). The note was due February 28, 2020 if the acquisition (Note 4) did not close by then and accordingly, due to the short-term nature of the note, the principal amount of the note approximated its fair value and the equity conversion feature was considered insignificant.

On February 27, 2020, pursuant to the terms of the Note, Aurelius converted the outstanding \$456,200 under the convertible note into 7,128,125 common shares of the Company at a conversion price of \$0.064 per common share, concurrent with the closing of the acquisition (Note 4).

### 14. RECLAMATION OBLIGATION

The Company's estimates of future decommissioning and restoration for reclamation and closure costs for its Aureus East property are based on reclamation standards that meet Canadian regulatory requirements. Elements of uncertainty in estimating these amounts include potential changes in regulatory requirements, reclamation plans and cost estimates, discount rates and timing of expected expenditures.

The undiscounted amount of estimated cash flows required to settle the decommissioning and reclamation costs is estimated at \$667,000. The Company has considered the first milestone of three years to settle the early payment option pursuant to the Acquisition of Aureus East property and accordingly accretion is nominal due to the low and offsetting inflation and risk-free interest rates. The Company has recorded the undiscounted amount of estimated reclamation costs and will re-evaluate the estimated timing and value of outflows annually.

### 15. RELATED PARTY TRANSACTIONS

#### *Key Management Personnel*

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key executives is determined by the Board of Directors having regard to the performance of individuals and market trends.



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Compensation paid or payable to key management personnel for services rendered are as follows:

	Year ended December 31 2020 \$	Nine months ended December 31 2019 \$
Salaries and fees <sup>(1)</sup>	910,583	518,250
Short-term employment benefits	6,000	4,500
Share-based payment	266,654	-
	<b>1,183,237</b>	<b>522,750</b>

<sup>(1)</sup> A portion of salaries for key management has been recorded in exploration expenses.

The Company has related parties which consist of companies with directors and officers in common. Effective February 1, 2019, the Company entered into an agreement, to sublease a portion of its Toronto office space, with Maritime Resources Corp. ("Maritime"), a corporation with common directors and officers. Maritime was also invoiced for reimbursement of direct third-party purchases of certain office administration services.

	Year ended December 31 2020 \$	Nine months ended December 31 2019 \$
Rent expense (recovery)	(65,146)	(45,163)
Office and other expense (recovery)	(5,544)	(3,386)
	<b>(70,690)</b>	<b>(48,549)</b>

Included in accounts payable and accrued liabilities at December 31, 2020 is \$213,368 (2019 – \$113,250) due to officers and directors, including the CEO (\$1,752), VP Exploration (\$16,250) and VP Business Development (\$3,283) for expenses and fees (2019 – \$3,250 to the CEO), and \$192,083 (2019 – \$110,000) for accrued directors' fees.

### 16. SHARE CAPITAL AND RESERVES

#### a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

#### b) Issued share capital

During the year ended December 31, 2020, the Company issued:

- 6,975,200 (2019 – nil) common shares upon the exercise of warrants. Cash proceeds of \$486,512 (2019 – \$nil) were received and the fair value of the exercised warrants of \$85,241 (2019 – \$nil) was transferred from warrants and reserves to share capital.
- 17,647,000 flow-through common shares at a of \$0.085 per flow-through common share for aggregate gross proceeds of \$1,499,995. Cash transaction costs related to the offering were \$35,215 for regulatory and legal fees.

The subscription agreement for the flow-through common shares requires Aurelius to incur \$1,499,995 of qualifying Canadian Exploration Expenses ("CEE") and renounce the CEE to the flow-through shares shareholders with an effective date of December 31, 2020. At the time of issuance, the excess price per unit of the flow-through common shares over the fair value price per common share resulted in a \$0.03 per share premium, and the Company



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recorded a flow-through premium liability of \$529,410 and reduced share capital by the same amount. Pursuant to incurring eligible flow-through expenditures during the year ended December 31, 2020, the flow-through premium liability was reduced to \$494,116.

- 14,041,404 common shares at a fair value of \$1,209,144 to Sprott Lending upon private placements, in connection with the exercise of Sprott's participation right to maintain its percentage shareholding of Aurelius under the Transaction Agreement and was credited towards the First Deferred Payment and reduced the Obligation upon acquisition of Aureus Gold on the consolidated statements of financial position (Note 10).
- 45,130,000 common share units at a price of \$0.05 per common share unit and 38,962,547 flow-through units at a price of \$0.055 per flow-through unit for aggregate gross proceeds of \$4,399,440, on July 15, 2020. Each common share unit consists of one common share of the Company and one-half of one common share purchase warrant, with each whole common share unit warrant entitling the holder thereof to acquire one common share at a price of \$0.07 per common share for a period of twenty-four (24) months following the closing of the non-brokered private placement. Each flow-through unit consists of one flow-through share of the Company and one-half of one common share purchase warrant, with each whole flow-through unit warrant entitling the holder thereof to acquire one common share at a price of \$0.08 per common share until the warrant expiry on July 15, 2022.

Dundee Goodman Merchant Partners, a division of Goodman & Company, Investment Counsel Inc. ("Dundee"), Sprott Capital Partners LP and Laurentian Bank Securities Inc. (together, the "Finders") entered into finders' fee agreements with the Company in respect of the non-brokered private placement. The Company paid the Finders and certain other firms an aggregate of \$291,213, being a commission of 7% of the gross proceeds in connection with certain subscriptions under the private placement, and issued an aggregate of 5,568,220 compensation warrants, equal to 7% of the common share units and flow-through units issued in connection with those subscriptions with a fair value of \$441,839. Each compensation warrant entitles the holder to acquire one common share unit at a price of \$0.07 until the warrant expiry date. Total other transaction costs were \$84,985.

The subscription agreement for the flow-through shares required Aurelius to incur \$2,142,940 of qualifying CEE and renounce the CEE to the flow-through shares shareholders with an effective date of December 31, 2020. At the time of issuance, the excess price per unit of the flow-through shares over the fair value price per share of the non flow-through shares resulted in a \$0.005 per share premium, and the Company recorded a flow-through premium liability of \$194,813 and reduced share capital by the same amount. Pursuant to incurring eligible flow-through expenditures during the year ended December 31, 2020, the flow-through premium liability was reduced \$nil.

- 2,000,000 common shares of the Company to Nycon Resources, Inc., with a fair value of \$50,000, upon acquisition of the Aureus West Project in Nova Scotia on May 5, 2020 (Note 8).
- 25,000,000 common shares on February 27, 2020 at a price of \$0.064 per common share pursuant to the closing of the acquisition of Aureus Gold Inc. (Note 4). 7,128,125 common shares were issued to settle the \$456,200 non-interest bearing convertible promissory note advanced to Aurelius by Sprott on an unsecured basis on December 19, 2019 and Sprott Lending subscribed for 17,871,875 common shares on a private placement basis at a price of \$0.064 per common share for gross proceeds of \$1,143,800.

During the nine month period ended December 31, 2019, the Company issued:

- 3,000,000 common share units on October 30, 2019 at a price of \$0.05 per common share unit for gross proceeds of \$150,000 pursuant to a non-brokered placement offering. Each common share unit consists of one common share of the Company and one common share warrant, with each warrant entitling the holder thereof to acquire one common share at a price of \$0.06 per common share for a period of two years following the closing of the offering. Total aggregate transactions costs were \$8,119 for regulatory and legal fees. \$75,000 was allocated to the



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warrant component of the common share units.

- 750,000 common share units on April 1, 2019 for gross proceeds of \$37,500 and 2,000,000 common share units on April 16, 2019 for gross proceeds of \$100,000, following the closing of two additional tranches of the March 2019 Offering, of which \$25,000 had been received in advance at March 31, 2019. \$41,250 was allocated to the warrant component of the additional common share units. Total cash transaction costs were \$5,188.

<i>Flow-through premium liability</i>	\$
<b>Balance – March 31, 2019</b>	<b>147,000</b>
Settlement of flow-through premium to income	(147,000)
<b>Balance – December 31, 2019</b>	<b>-</b>
Flow-through premium liability	724,223
Settlement of flow-through premium to income	(230,107)
<b>Balance – December 31, 2020</b>	<b>494,116</b>

### c) Stock options

The Company, in accordance with its shareholder approved stock option plan, is authorized to grant options to directors, officers, employees and/or consultants, to acquire up to 10% of the issued and outstanding common shares. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. Options can be granted for a maximum term of ten years and vest immediately upon grant.

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

Number of Shares	Exercise Price	Expiry Date
1,155,000	\$ 0.065	June 24, 2021
2,600,000	\$ 0.120	July 5, 2022
715,200	\$ 0.080	March 5, 2023
4,000,000	\$ 0.060	January 23, 2024
5,690,400	\$ 0.060	May 8, 2025
850,000	\$ 0.100	September 9, 2025
500,000	\$ 0.100	September 23, 2025
<b>15,510,600</b>		

A summary of the Company's stock options follows:

	Year ended December 31, 2020	Weighted Average Exercise Price \$	Nine month period ended December 31, 2019	Weighted Average Exercise Price \$
	Options Outstanding #		Options Outstanding #	
<b>Balance, beginning of period</b>	<b>8,691,800</b>	<b>0.08</b>	8,691,800	0.08
Granted	7,040,400	0.07	-	-
Expired/cancelled	(221,600)	0.09	-	-
<b>Balance, end of year</b>	<b>15,510,600</b>	<b>0.07</b>	8,691,800	0.08
<b>Options exercisable, end of period</b>	<b>15,510,600</b>	<b>0.07</b>	8,691,800	0.08



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### d) Options – Share-based compensation

During the year ended December 31, 2020, the Company granted 7,040,400 stock options to directors, officers, consultants and employees of the Company. The fair value of the stock options granted as determined by the Black-Scholes pricing model was \$375,210 or \$0.05 per option. During the year ended December 31, 2020, 221,600 stock options were cancelled or expired resulting in a reversal of \$10,941 from reserves to deficit.

The weighted-average assumptions used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2020 were risk-free interest rate of 0.38%; expected life of options of 5 years; dividend rate of 0%; and annualized volatility of 156.84%.

### e) Warrants

As at December 31, 2020, the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	Exercise Price	Expiry Date
4,739,000	\$ 0.06	March 29, 2021
750,000	\$ 0.06	April 1, 2021
3,000,000	\$ 0.06	October 30, 2021
28,133,220	\$ 0.07	July 15, 2022
19,481,274	\$ 0.08	July 15, 2022
37,280,478	\$ 0.16	December 21, 2022
2,982,438 <sup>(1)</sup>	\$ 0.08	December 21, 2022
<b>96,366,410</b>		

<sup>(1)</sup> Each agent warrant is exercisable to acquire one unit at a price of \$0.08 per unit for a period of five years, for a common share and a common share warrant.

Share purchase warrant transactions were as follows:

	Year ended December 31, 2020	Nine month period ended December 31, 2019
	Weighted Average Warrants Outstanding #	Weighted Average Warrants Outstanding #
	Exercise Price \$	Exercise Price \$
<b>Balance, beginning of period</b>	<b>71,397,116</b>	<b>69,412,116</b>
Granted	47,614,494	5,750,000
Exercised	(6,975,200)	-
Expired	(15,670,000)	(3,765,000)
<b>Balance, end of period</b>	<b>96,366,410</b>	<b>71,397,116</b>

Subsequent to December 31, 2020, 1,000 share purchase warrants were exercised and 5,488,000 warrants expired unexercised.



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(expressed in Canadian dollars, unless otherwise noted)

### 17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the year ended December 31, 2020 include:

- a) Issuing 14,041,404 common shares with a fair value of \$1,209,144, reducing the Obligation upon acquisition of Aureus Gold.
- b) Recognition of a flow-through premium liability of \$724,223, related to a flow-through share financings.
- c) Issuing 5,568,220 broker warrants with a fair value of \$441,839 as finders' compensation in relation to the July 2020 private placement.
- d) Issuing 2,000,000 common shares with a fair value of \$50,000 upon acquisition of the Aureus West mineral property.
- e) Issuing 7,128,125 common shares at a conversion price of \$0.064 per common share to settle its \$456,200 convertible Note on February 27, 2020.
- f) Recognition of an additional ROU asset of \$246,737 and corresponding lease liabilities.
- g) Recognizing a future contingent liability upon the acquisition of Aureus Gold of \$2,678,600, in cash or shares (Note 4).

Significant non-cash transactions during the nine month period ended December 31, 2019 include:

- a) Issuing 500,000 common shares for \$25,000 of share subscriptions received in advance of April 1, 2019.
- b) Recognition of a ROU asset of \$244,117 and corresponding lease liability.
- c) Deferred acquisition costs of \$83,267 included in accounts payable and accrued liabilities.

During the year ended December 31, 2020, the Company received interest of \$nil (2019 – \$2,002), relating to the Company's GIC and there were no cash inflows or outflows relating to income taxes.

### 18. INCOME TAXES

A reconciliation of current and deferred taxes at statutory rates with reported taxes follows:

	Year ended December 31 2020 \$	Nine months ended December 31 2019 \$
<b>Loss before income taxes</b>	<b>(4,495,667)</b>	<b>(1,055,815)</b>
Income tax (recovery) expense	<b>(1,214,000)</b>	(285,000)
Changes in statutory tax rates and other	<b>(11,000)</b>	29,000
Permanent differences	<b>172,000</b>	15,000
Impact of flow-through shares	<b>606,000</b>	-
Impact of acquisition of Aureus Gold Inc.	<b>(867,000)</b>	-
Share issue cost	<b>(111,000)</b>	-
Adjustment to prior years provision versus statutory tax returns	<b>84,000</b>	(160,000)
Changes in unrecognized deductible temporary differences	<b>1,341,000</b>	401,000
Income tax (expense) recovery	-	-



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

	2020	2019
	\$	\$
Deferred tax assets (liabilities)		
Exploration and evaluation assets	838,000	243,000
Property and equipment	2,000	2,000
Asset retirement obligation	180,000	-
Share issue costs	122,000	50,000
Allowable capital losses	221,000	217,000
Non-capital losses available for future periods	1,903,000	1,413,000
	<b>3,266,000</b>	<b>1,925,000</b>
Unrecognized deferred tax assets	<b>(3,266,000)</b>	<b>(1,925,000)</b>
<b>Net deferred tax assets</b>	<b>-</b>	<b>-</b>

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

	2020		2019
	\$	Expiry dates	\$
Property and equipment	7,000	no expiry date	8,000
Mineral properties	3,104,000	no expiry date	900,000
Asset retirement obligation	667,000	no expiry date	-
Allowable capital losses	804,000	no expiry date	804,000
Non-capital losses available for future periods	7,049,000	2024 to 2040	5,232,000
Share issue costs	452,000	2021 to 2024	183,000

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

### 19. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of mineral properties in Canada.

### 20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.



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The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, accounts payable and accrued liabilities, lease liability and acquisition obligation. Cash and cash equivalents is measured at fair value based on Level 1 of the fair value hierarchy. The fair values of receivables, deposits, accounts payable and accrued liabilities approximate their book carrying values because of the short-term nature of these instruments. The carrying value of the lease liability approximates its fair value as it bears interest that approximates market rates. The contingent obligation is measured based on Level 3 inputs and changes in its fair value are recorded in the statement of loss and comprehensive loss.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

*Credit risk* - Credit risk is the risk of a financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligation. The Company's receivables consist primarily of tax receivables due from federal and provincial government agencies. The Company has no customers or trade receivables at December 31, 2020. The Company does not have a significant concentration of credit risk with any single counter-party. The Company's cash and cash equivalents is invested in short-term interest bearing accounts at major Canadian chartered banks. Because of these circumstances, the Company does not believe it has a material exposure to credit risk.

*Interest rate risk* - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company is not exposed to significant interest rate risk.

*Liquidity risk* - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. The Company is exposed to liquidity risk.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at December 31, 2020, the Company had cash and cash equivalents totalling \$3,330,376 to settle current liabilities of \$1,562,995. As at December 31, 2019, the Company held a convertible note which was converted into common shares and settled on February 27, 2020 (Note 4). Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at December 31, 2020, the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms.

*Price risk* - The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### 21. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of



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Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as equity, consisting of common shares, stock options and warrants.

The Company is dependent upon external financings to fund activities. In order to carry out any exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so. There were no changes in the Company's capital management strategy during the year ended December 31, 2020 compared to the previous year. The Company is not subject to externally imposed capital requirements.

As at December 31, 2020, the Company is obligated to incur \$1,399,995 of qualifying flow-through expenditures prior to December 31, 2022.