

# **Westhaven Gold Corp.**

**(Formerly Westhaven Ventures Inc.)**

**(An Exploration Stage Company)**

**Condensed Interim Financial Statements**

**March 31, 2021**

**Unaudited – Prepared by Management**

**(Expressed in Canadian Dollars)**

**Westhaven Gold Corp.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Financial Position**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

	<b>March 31 2021</b>	<b>December 31 2020</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 11,370,878	\$ 131,503
Other receivables	112,526	223,863
BCMETS receivable (note 6)	2,071,913	2,071,913
Prepaid expenses	1,966	1,966
	13,557,283	2,429,245
<b>Reclamation Deposits</b> (note 6)	100,000	100,000
<b>Property and Equipment</b> (note 4)	135,319	147,301
<b>Right-of-Use Assets</b> (note 5)	88,311	106,720
<b>Mineral Properties</b> (note 6)	17,787,207	15,938,142
	\$ 31,668,120	\$ 18,721,408
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 8)	\$ 583,105	\$ 870,266
Current portion of lease liability (note 5)	73,863	71,902
Current portion of equipment loan (note 4)	8,580	8,580
	665,548	950,748
<b>Flow-through Share Liability</b> (note 7)	980,586	980,586
<b>Non-current Portion of Lease Liability</b> (note 5)	19,963	39,180
<b>Non-current Portion of Equipment Loan</b> (note 4)	27,884	30,029
	1,693,981	2,000,543
<b>Shareholders' Equity</b>		
<b>Capital Stock</b> (note 7)	33,292,256	20,991,748
<b>Reserves</b> (note 7)	5,539,242	4,042,747
<b>Deficit</b>	(8,857,359)	(8,313,630)
	29,974,139	16,720,865
	\$ 31,668,120	\$ 18,721,408

These condensed interim financial statements are signed on behalf of the Board of Directors by:

"Gareth Thomas" (signed)

Director

"Shaun Pollard" (signed)

Director

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

Westhaven Gold Corp.  
(An Exploration Stage Company)  
Condensed Interim Statements of Loss and Comprehensive Loss  
Unaudited – Prepared by Management  
(Expressed in Canadian Dollars)

	Three months Ended March 31	Three months Ended March 31
	2021	2020
<b>Expenses</b>		
Salaries and benefits (note 8)	\$ 242,592	\$ 163,259
Advertising and promotion	153,975	80,556
Professional fees	85,867	25,426
Regulatory and filing fees	20,522	20,236
Rent (note 8)	17,113	19,151
General and administrative	16,854	27,451
Interest and bank charges (note 5)	6,616	3,291
Amortization (notes 4, 5 and 6)	2,756	9,286
Travel	434	48,419
	(543,729)	(397,075)
Interest Income	-	6,891
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>\$ (543,729)</b>	<b>\$ (390,184)</b>
<b>Basic and Diluted Loss Per Share</b>	<b>\$ (0.01)</b>	<b>(0.01)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>111,473,498</b>	<b>96,949,709</b>

Westhaven Gold Corp.  
(An Exploration Stage Company)  
Condensed Interim Statements of Changes in Shareholders' Equity  
Unaudited – Prepared by Management  
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	Capital Stock		Reserves			Deficit	Total Shareholders' Equity
	Common Shares	Amount	Warrants	Options	Total Reserves		
<b>Balance, December 31, 2019</b>	96,949,709	\$ 16,687,879	\$ 92,687	\$ 3,682,995	\$ 3,775,682	\$ (7,363,987)	\$ 13,099,574
Net loss for the period	-	-	-	-	-	(390,184)	(390,184)
<b>Balance, March 31, 2020</b>	96,949,709	\$ 16,687,879	\$ 92,687	\$ 3,682,995	\$ 3,775,682	\$ (7,754,171)	\$ 12,709,390
<b>Balance, December 31, 2020</b>	104,822,409	\$ 20,991,748	\$ 92,687	\$ 3,950,060	\$ 4,042,747	\$ (8,313,630)	\$ 16,720,865
Non flow-through shares issued (note 7)	21,378,500	13,468,455	1,496,495	-	1,496,495	-	14,964,950
Share issue costs	-	(1,167,947)	-	-	-	-	(1,167,947)
Net loss for the period	-	-	-	-	-	(543,729)	(543,729)
<b>Balance, March 31, 2021</b>	126,200,909	\$ 33,292,256	\$ 1,589,182	\$ 3,950,060	\$ 5,539,242	\$ (8,857,359)	\$ 29,974,139

**Westhaven Gold Corp.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Cash Flows**  
**Unaudited – Prepared by Management**  
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<b>Three months Ended March 31,</b>	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (543,729)	\$ (390,184)
Items not involving cash		
Amortization	2,756	9,286
Accrued interest	2,844	2,176
	(538,129)	(378,722)
Changes in non-cash working capital		
Other receivables	111,337	73,640
Accounts payable and accrued liabilities	412,229	(90,290)
<b>Cash (Used in) Provided by Operating Activities</b>	<b>(14,563)</b>	<b>(395,372)</b>
<b>Financing Activities</b>		
Non flow-through shares issued	14,964,950	-
Share issue costs	(1,167,947)	-
Repayment of equipment loan	(2,145)	-
Repayment of lease obligations	(20,100)	(9,150)
<b>Cash Provided by Financing Activities</b>	<b>13,774,758</b>	<b>(9,150)</b>
<b>Investing Activities</b>		
Expenditures on mineral properties	(2,520,820)	(1,051,380)
Expenditures on property and equipment	-	(52,943)
<b>Cash Used in Investing Activities</b>	<b>(2,520,820)</b>	<b>(1,104,323)</b>
<b>Inflow (Outflow) of Cash</b>	<b>11,239,375</b>	<b>(1,508,845)</b>
<b>Cash and Cash Equivalents, Beginning of the Period</b>	<b>131,503</b>	<b>4,327,312</b>
<b>Cash and Cash Equivalents, End of the Period</b>	<b>\$ 11,370,878</b>	<b>\$ 2,818,467</b>
Cash and cash equivalents are comprised of:		
Cash	\$ 370,878	\$ (81,533)
Guaranteed investment certificate	11,000,000	2,900,000
<b>Cash and Cash Equivalents, End of the Period</b>	<b>\$ 11,370,878</b>	<b>\$ 2,818,467</b>
<b>Supplemental Cash Flow Information</b>		
Accounts payable included in mineral properties	\$ 387,750	\$ 302,000
Amortization included in mineral properties	\$ 27,635	\$ 19,103
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

**Westhaven Gold Corp.**  
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**Notes to Condensed Interim Financial Statements**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Westhaven Gold Corp. (the “Company”) is an exploration stage company incorporated under the *Business Corporations Act* of British Columbia and commenced operations on May 5, 2010. On July 10, 2020, the Company changed its name from Westhaven Ventures Inc. to Westhaven Gold Corp. The Company is engaged in the acquisition and exploration of mineral properties in Canada.

The head office and records office of the Company is located at 1056 - 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

These condensed interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business.

The Company has sustained recurring losses and negative cash flows from operations. During the three months ended March 31, 2021, the Company incurred a net loss of \$543,729 (2020 - \$390,184) and, as of that date, had an accumulated deficit of \$8,857,359 (December 31, 2020 - \$8,313,630). The Company has ongoing requirements for capital investment for its mineral property interests. The Company will need to raise substantial additional capital through equity financing to accomplish its business plan over the next several years. There can be no assurance as to the availability or terms upon which such financing might be available.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead, pay its liabilities, and maintain its mineral interests. The recoverability of amounts shown for mineral property interests is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these mineral property interests, and establish future profitable production, or realize proceeds from the disposition of mineral interests. The carrying value of the Company’s mineral property interests does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

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**2. BASIS OF PRESENTATION**

(a) Statement of compliance

These condensed interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* using accounting policies consistent with IFRS. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2020.

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments carried at fair value. Also, the condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company’s functional and presentation currency is the Canadian dollar.

(b) Approval of the condensed interim financial statements

The condensed interim financial statements of the Company as at March 31, 2021 and for the three months then ended were approved and authorized for issue by the Board of Directors on May 31, 2021.

(c) Use of judgments and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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**2. BASIS OF PRESENTATION (Continued)**

(c) Use of judgments and estimates (Continued)

*Critical accounting estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Right of use assets and lease liability

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency, and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

*Critical accounting judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements include, but are not limited to, the following:

Recoverability of mineral properties

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indicators of impairments. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's minerals properties.

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities, and existing permits.



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**2. BASIS OF PRESENTATION (Continued)**

(c) Use of judgments and estimates (Continued)

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year as they fall due involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Mining exploration tax credits

The Company is entitled to refundable tax credits on qualified mining exploration expenses incurred in the province of British Columbia. Management's judgment is applied in determining whether the mining exploration expenses are eligible for claiming such credits. Those benefits are recognized when the Company estimates that it has reasonable assurance that the tax credits will be realized. Upon review of the mining exploration tax credit claim by the Canada Revenue Agency, any adjustments to the estimate made by the Company are recorded in the period of the tax assessment.

Right of use assets and lease liability

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Flow-through expenditures

The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

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**3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Company's cash and cash equivalents, other receivables, accounts payable and accrued liabilities, equipment loan and lease liability have carrying values that approximate their fair values due to their short term to maturity.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents, by ensuring that these financial assets are placed with a major Canadian financial institution with strong investment-grade ratings. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as amounts are held with a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Cash and cash equivalents – Canadian dollars	\$ 11,370,878	\$ 131,503
Other receivables – Canadian dollars	\$ -	\$ 75,000

(b) Liquidity risk

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

At March 31, 2021, the Company had cash and cash equivalents in the amount of \$11,370,878 (December 31, 2020- \$131,503) and accounts payable and accrued liabilities of \$583,105 (December 31, 2020 - \$870,266). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2021.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, loan fixed interest rate risk, foreign currency risk and other price risk.

The Company is exposed to interest risk related to its GIC which earns interest at 2% per annum. The GIC is held with a major Canadian financial institution and market risk is not considered significant. The Company is not exposed to significant foreign currency risk or other price risk.

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**4. PROPERTY AND EQUIPMENT**

<b>Cost</b>	
As at December 31, 2019	\$ 101,911
Additions during the year	108,575
As at December 31, 2020	210,486
Additions during the period	-
As at March 31, 2021	\$ 210,486
<b>Accumulated Amortization</b>	
As at December 31, 2019	\$ 20,928
Charge for the year	42,257
As at December 31, 2020	63,185
Charge for the period	11,982
As at March 31, 2021	\$ 75,167
<b>Carrying Value</b>	
As at December 31, 2020	\$ 147,301
As at March 31, 2021	\$ 135,319

During the year ended December 31, 2020, the Company entered into a loan agreement for the purchase of equipment totaling \$42,899 payable over 5 years with an interest rate of 0%. The current portion of the equipment loan is \$8,580. The loan is secured by the equipment purchased.

During the period ended March 31, 2021, \$9,226 (2020 - \$7,005) of amortization of property and equipment was capitalized to the Company's mineral properties.

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**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY**

During the year ended December 31, 2019, the Company entered into two lease agreements for a term of three years for storage facilities related to the Company's Shovelnose Gold Property in Merritt, British Columbia. Upon transition to IFRS 16, these lease liabilities were measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 10% per annum. Upon entering into the lease agreements, the Company recognized \$94,568 for a ROU asset and \$94,568 for a lease liability.

During the year ended December 31, 2020, the Company entered into an additional lease agreement for a term of 2 years for building space associated with the Shovelnose Gold Property. Upon entering into the lease, the Company recognized \$101,854 for a ROU asset and \$101,854 for a lease liability. The Company also cancelled one lease for a storage facility.

<b>Right-of-use assets</b>	
Value of right-of-use asset as at December 31, 2019	\$ 85,047
Additions	101,854
Cancellation	(23,309)
Amortization	(56,872)
<b>Value of right-of-use assets as at December 31, 2020</b>	<b>\$ 106,720</b>
Additions	-
Amortization	(18,409)
<b>Value of right-of-use assets as at March 31, 2021</b>	<b>\$88,311</b>
<b>Lease liability</b>	
Lease liability recognized as at December 31, 2019	\$ 84,468
Additions	101,854
Cancellation	(23,402)
Lease payments	(63,050)
Lease interest	11,212
<b>Lease liability recognized as at December 31, 2020</b>	<b>111,082</b>
Additions	-
Lease payments	(20,100)
Lease interest	2,844
<b>Lease liability recognized as at March 31, 2021</b>	<b>\$ 93,826</b>
Current portion	\$ 73,863
Non-current portion	19,963
	<b>\$ 93,826</b>

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**6. MINERAL PROPERTIES**

Amounts capitalized as mineral property costs are as follows:

	<b>Shovelnose Gold Property</b>	<b>Prospect Valley Property</b>	<b>Skoonka Creek Property</b>	<b>Skoonka North Property</b>	<b>Total</b>
Balance, December 31, 2019	\$ 6,898,632	\$ 684,090	\$ 258,836	\$ 99,252	\$ 7,940,810
Deferred exploration costs					
Acquisition costs	80,946	1,822	707	326	83,801
Geological and assays	2,314,254	72,598	9,446	-	2,396,298
Drilling	5,965,560	-	3,484	-	5,969,044
Lab fees	1,063,867	-	-	-	1,063,867
Share-based payments	464,559	-	-	-	464,559
Amortization	91,676	-	-	-	91,676
Total additions during the year	9,980,862	74,420	13,637	326	10,069,245
BCMETC (mining tax credits)	(2,053,074)	(15,991)	(2,848)	-	(2,071,913)
Net change during the year	7,927,788	58,429	10,789	326	7,997,332
<b>Balance, December 31, 2020</b>	<b>14,826,420</b>	<b>742,519</b>	<b>269,625</b>	<b>99,578</b>	<b>15,938,142</b>
Deferred exploration costs					
Acquisition costs	36,877	1,584	1,410	504	40,375
Geological and assays	317,883	5,178	6,092	2,955	332,108
Drilling	1,136,244	436	254	-	1,136,934
Lab fees	312,013	-	-	-	312,013
Amortization	27,635	-	-	-	27,635
Total additions during the period	1,830,652	7,198	7,756	3,459	1,849,065
<b>Balance, March 31, 2021</b>	<b>\$ 16,657,072</b>	<b>\$ 749,717</b>	<b>\$ 277,381</b>	<b>\$ 103,037</b>	<b>\$17,787,207</b>

(a) Shovelnose Gold Property, British Columbia, Canada

In January 2011, the Company signed an option agreement (the "Shovelnose Agreement") with Strongbow Exploration Inc. ("Strongbow") whereby the Company can earn up to a 70% interest in the Shovelnose Gold Property, a mineral claim near Merritt, British Columbia, staked by Strongbow in 2005 and 2008. A director of the Company is also a director of Strongbow.

Under the terms of the Shovelnose Agreement, the Company would earn an initial 51% interest in the Shovelnose Gold Property by issuing a total of 300,000 common shares (issued) to Strongbow and incurring \$1,500,000 (\$750,000 incurred) in exploration expenditures on the property.

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**6. MINERAL PROPERTIES (Continued)**

(a) Shovelnose Gold Property, British Columbia, Canada (Continued)

On September 1, 2015, the Company entered into a new purchase agreement with Strongbow to acquire 100% of the Shovelnose Gold Property replacing the January 2011 agreement. Under the terms of the new agreement the Company acquired a 100% interest in the property by issuing 2,000,000 common shares (issued upon completion of the new agreement). In addition, Strongbow was granted a 2% net smelter returns royalty ("NSR") on the property. The Company will retain the right to reduce the NSR to 1% by paying Strongbow \$500,000 at any time prior to the commencement of commercial production.

The Company has a reclamation deposit of \$80,000 (December 31, 2019 - \$80,000) held with the Ministry of Finance relating to exploration activities completed on the Shovelnose Gold Property.

(b) Prospect Valley Gold Property, British Columbia, Canada

On September 21, 2015, the Company entered into an option and purchase agreement with Berkwood Resources Ltd. ("Berkwood") to acquire a 70% interest the Prospect Valley Gold Property near Merritt. The Company paid \$20,000 to Berkwood upon signing as per the terms of the agreement. On October 22, 2015, the Company exercised the option by making a second and final payment of \$80,000 and issued 500,000 common shares at a price of \$0.065 per share. The common shares have a hold period of five years.

On February 16, 2016, the Company acquired the remaining 30% interest in the property for a cash payment of \$40,000 and the issue of 500,000 common shares at a price of \$0.07 per share. The common shares have a hold period of five years.

(c) Skoonka Creek, British Columbia, Canada

On May 24, 2017, the Company signed a purchase agreement with Strongbow, and Almadex Minerals Ltd. ("Almadex"), to acquire 100% interest in the Skoonka Creek gold property, located within the prospective Spences Bridge Gold Belt, British Columbia. Under the terms of the agreement the Company issued 2,000,000 common shares (issued on May 30, 2017) at a price of \$0.09 per share. Almadex retains its original net smelter royalty of 2% from future production.

The Company has a reclamation deposit of \$20,000 held with the Ministry of Finance relating to exploration activities completed on the Skoonka Creek property.

(d) Skoonka North Gold Property, British Columbia, Canada

In May 2018, the Company staked an additional gold mineral property, Skoonka North, within the Spences Bridge Gold Belt, British Columbia.

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**6. MINERAL PROPERTIES (Continued)**

**Realization**

The Company's investment in and expenditures on the mineral property interests comprise a substantial portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interests, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for the mineral property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interests, and future profitable production or proceeds from the disposition thereof.

**Title and environmental**

Although the Company has taken steps to verify the title to mineral properties in which it has or had a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

**7. CAPITAL STOCK**

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

On March 3, 2021, the Company closed a bought deal financing (the "Offering") with Raymond James Ltd. (the "Underwriter"). Pursuant to the Offering, the Company issued 21,378,500 units of the Company, including 2,788,500 units issued in connection with the exercise in full of the over-allotment option granted to the Underwriter. The units were issued at \$0.70 per unit for gross proceeds of \$14,964,950. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$1.00 per share for a period of 2 years. The Company paid cash share issuance costs of \$1,496,495 in connection with the offering.

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**7. CAPITAL STOCK (Continued)**

(b) Issued and outstanding (Continued)

On June 16, 2020, the Company closed a bought deal private placement offering. The Company issued 5,447,700 flow-through shares at a price of \$0.95 per share for gross proceeds of \$5,175,315. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common shares and recorded a flow-through liability of \$980,586. The Company paid cash share issuance costs of \$318,301 in connection with the offering.

During the year ended December 31, 2020 the Company issued 2,425,000 shares on the exercise of stock options for total proceeds of \$233,000. At December 31, 2020, \$75,000 of this amount was included in other receivables and was received subsequent to December 31, 2020. In relation to the exercise, \$197,494 was transferred from options reserve to capital stock.

During year ended December 31, 2020 the Company incurred qualifying exploration expenditures in satisfaction of its obligation under flow-through shares issued in 2019 and recognized flow-through share premium income of \$358,741.

(c) Warrants

The following summarizes the Company's warrants as at March 31, 2021 and December 31, 2020 and changes during the period/year:

	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, beginning of the period	3,284,662	\$ 1.50	2,536,045	\$ 0.10
Issued	10,689,250	1.00	3,284,662	\$ 1.50
Exercised	-	-	(2,536,045)	\$ 0.10
Outstanding and exercisable, end of the period	13,973,912	\$ 1.12	3,284,662	\$ 1.50



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**7. CAPITAL STOCK (Continued)**

(c) Warrants (Continued)

As at March 31, 2021, the Company had warrants outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
October 2, 2021	\$1.50	1,020,269	0.51
October 4, 2021	\$1.50	786,774	0.51
October 8, 2021	\$1.50	1,477,619	0.52
March 3, 2023	\$1.00	10,689,250	1.92
		13,973,912	

As at December 31, 2020, the Company had warrants outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
October 2, 2021	\$1.50	1,020,269	0.75
October 4, 2021	\$1.50	786,774	0.76
October 8, 2021	\$1.50	1,477,619	0.77
		3,284,662	

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**7. CAPITAL STOCK (Continued)**

(d) Stock options

The Company adopted a stock option plan whereby the number of options granted to one person shall not exceed 10% of the outstanding shares at the time of granting the options. If employment with the Company is terminated, other than through death, options not exercised will expire within 90 days after the termination date.

On August 10, 2020, the Company granted 260,000 stock options at an exercise price of \$0.95 per share. The options vested August 10, 2020 and expire August 10, 2025. Share-based payments of \$179,036 was capitalized to mineral properties.

On May 20, 2020, the Company granted 475,000 stock options at an exercise price of \$0.80 per share. The options vested May 20, 2020 and expire May 20, 2025. Share-based payments of \$285,523 was capitalized to mineral properties.

During the year ended December 31, 2020, 2,425,000 options were exercised for total proceeds of \$233,000, \$197,494 was transferred from options reserve to capital stock.

The following summarizes the Company's stock options as at March 31, 2021 and December 31, 2020 and changes during the period/year.

	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of period	7,230,589	\$ 0.77	8,920,589	\$ 0.58
Granted	-	-	735,000	\$ 0.85
Exercised	-	-	(2,425,00)	\$ 0.10
Outstanding and exercisable, end of period	7,230,589	\$ 0.77	7,230,589	\$ 0.77

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**7. CAPITAL STOCK (Continued)**

(d) Stock options (Continued)

As at March 31, 2021 the Company had options outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
April 13, 2022	\$ 0.10	1,050,000	1.04
March 21, 2023	\$ 0.14	1,095,589	1.97
November 14, 2023	\$1.20	2,900,000	2.82
July 8, 2024	\$0.70	200,000	3.27
December 23, 2024	\$0.85	1,250,000	3.73
May 20, 2025	\$0.80	475,000	4.14
August 10, 2025	\$0.95	260,000	4.36
		7,230,589	2.67

The fair value of options granted during the year ended December 31, 2020 were vested immediately and were calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2020
Expected life (years)	5
Interest rate	0.40%
Volatility	103%
Dividend yield	0%
Forfeiture rate	0%
Market value of common shares at grant date	\$0.84
Fair value	\$0.63

Volatility has been calculated based on the historical volatility of the Company. Interest rates represent rates from the Bank of Canada on bonds with a similar term. The dividend yield represents the expected dividends to be paid by the Company.

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**8. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties in addition to those discussed elsewhere in the condensed interim financial statements.

(a) Key management compensation

Short-term employee benefits for key management compensation were paid to individuals and personal service corporations for the three months ended March 31 as follows:

	<b>2021</b>	<b>2020</b>
Gareth Thomas	\$ 76,668	\$ 45,000
Shaun Pollard	76,668	45,000
Total key management compensation	\$ 153,336	\$ 90,000

Gareth Thomas is the Chief Executive Officer of the Company.

Shaun Pollard is the Chief Financial Officer of the Company.

In addition to the above costs, the Company paid \$17,113 (2020 - \$19,151) of rent and office expenditures to Anglo Celtic Exploration Ltd. ("Anglo"). Anglo is a company controlled by Grenville Thomas, a director of the Company, and Gareth Thomas.

At March 31, 2021, a total of \$17,969 (2020 - \$22,042) due to Anglo is included in accounts payable and accrued liabilities.

**8. CAPITAL MANAGEMENT**

The Company considers its capital structure to consist of shareholders' equity. 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 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 properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

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**9. COMMITMENTS**

On December 12, 2019, the Company entered into a three-year lease for building space associated with the Shovelnose project. On June 2, 2020, the Company entered an additional two-year lease for building space. Under the terms of the leases the Company is committed to annual lease payments totalling \$102,800 plus additional occupancy costs.

During the year ended December 31, 2020, the Company entered into a loan to purchase equipment. The Company is committed to payments of \$715 per month over the next 54 months.

On June 16, 2020, the Company issued flow-through shares which require the Company to incur qualifying exploration expenditures of \$5,175,315 within 24 months.

As of March 31, 2021 the Company has incurred eligible expenditures of \$1,781,000.

**10. SEGMENTED REPORTING**

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

**11. SUBSEQUENT EVENT**

On April 22, 2021, the Company granted 2,315,000 stock options at an exercise price of \$0.70 per share. The options vested April 22, 2021 and expire April 22, 2026.