Golden Predator Mining Corp.

(An Exploration Stage Company)

Consolidated Financial Statements

Years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

Grant Thornton

Independent Auditor's Report

Grant Thornton LLP
Suite 1600
333 Seymour Street
Vancouver, BC
V6B 0A4

T +1 604 687 2711
F +1 604 685 6569

To the Shareholders of Golden Predator Mining Corp.

Opinion

We have audited the consolidated financial statements of Golden Predator Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020, and December 31, 2019 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Substantial doubt about the company's ability to continue as a going concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has an accumulated deficit and cash outflows from operating activities that raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Information other than the consolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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.

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 International Financial Reporting Standards (IFRSs), 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.

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 Robert J. Riecken.

Grant Thornton LLP

Vancouver, Canada
April 26, 2021

Chartered Professional Accountants

Golden Predator Mining Corp.

Consolidated Statements of Financial Position
December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Notes	2020	2019
Assets			
Current assets			
Cash and cash equivalents		$ 367,613	$ 1,187,461
Restricted cash	3	11,500	80,500
Accounts receivable	5	108,132	174,874
Marketable securities	4	7,766,547	54,030
Due from associates	17	71,162	66,306
Prepaid expenses and deposits		179,856	264,426
Inventories	6	429,256	771,522
		8,934,066	2,599,119
Non-Current assets			
Reclamation deposits	7	-	673,183
Investment in associates	8	1,887,284	1,859,498
Right-of-use assets	11	104,624	488,226
Equipment	9	1,167,801	2,548,269
Mineral properties	10	1,664,676	4,631,117
		$ 13,758,451	**$ 12,799,412**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	17	$ 2,036,764	$ 2,346,180
Derivative financial instruments	4	87,368	-
Lease liabilities – current portion	11	75,762	109,438
Flow-through share premium liability	12	60,775	539,840
		2,260,669	2,995,458
Non-current liabilities			
Lease liabilities	11	-	71,403
		2,260,669	3,066,861
Shareholders' equity			
Share capital	13	85,992,530	82,540,942
Contributed surplus	13	8,490,597	8,287,102
Accumulated deficit		(82,985,345)	(81,095,493)
		11,497,782	9,732,551
		$ 13,758,451	**$ 12,799,412**

Nature of operations (Note 1), Commitments (Note 19), Subsequent events (Note 21)

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

Approved by the board of directors:

"William Harris" Director *"Stefan Spears"* Director

Golden Predator Mining Corp.

Consolidated Statements of Loss and Comprehensive Loss
Years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Notes	2020	2019
Expenses			
Exploration	14	$ 5,266,673	$ 7,755,448
General and administrative	15	2,059,138	2,699,688
Recovery of mineral properties	10	-	(23,750)
		(7,325,811)	(10,431,386)
Other items			
Gain on sale of mineral properties	10	2,382,475	-
Gain on marketable securities	4	1,728,412	84,786
Settlement of flow-through share premium liability	12	1,031,565	1,388,160
Change in fair value of derivative financial instruments	4	462,906	-
Sales of gold coins and bars		440,839	198,800
Gain on sale of inventory		72,807	-
Other revenue		7,500	-
Interest revenue		4,172	36,894
Cost of gold sales		(459,822)	(189,207)
Loss on debt settlement		-	(170,000)
Share of loss from investment in associate	8	(172,214)	(97,595)
Foreign exchange gain (loss)		(32,420)	(17,645)
Change in inventory value		(21,523)	-
Interest expense on lease liabilities	11	(8,738)	(29,558)
Loss on derivative asset		-	(8,750)
Net loss and comprehensive loss for the year		**$ (1,889,852)**	**$ (9,235,501)**
Basic and diluted loss per share		**$ (0.01)**	**$ (0.07)**
Weighted average number of common shares outstanding		**164,960,769**	**142,802,310**

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

Golden Predator Mining Corp.

Consolidated Statements of Cash Flows
Years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Notes	2020	2019
Cash provided by (used in):			
Operating activities:			
Net loss during the year		**$ (1,889,852)**	**$ (9,235,501)**
Adjustments for items not affecting cash:			
Stock-based compensation	13, 17	203,495	599,020
Depreciation	9, 11	799,734	1,021,976
Loss on derivative asset		-	8,750
Share of loss from investment in associate	8	172,214	97,595
Gain on marketable securities	4	(1,728,412)	(84,786)
Settlement of flow-through share premium liabilities	12	(1,031,565)	(1,388,160)
Gain on sale of derivative financial instruments	4	(462,906)	-
Recovery of mineral properties	10	-	(23,750)
Gain on sale of mineral properties	10	(2,382,475)	-
Net change in non-cash working capital	16	179,306	1,182,191
		(6,140,461)	**(7,822,665)**
Financing activities:			
Proceeds of financings	13	4,500,000	9,320,000
Share issuance costs	13	(495,912)	(533,085)
Options exercised	13	-	107,000
Repayment of lease obligations net of interest accrual	11	(105,079)	(255,614)
		3,899,009	**8,638,301**
Investing activities:			
Redemption of reclamation bond	7	673,183	-
Proceeds from sale of derivative financial instruments	4	550,274	-
Proceeds from sale of marketable securities	4	315,895	245,876
Redemption of GIC	3	69,000	-
Net disposal (acquisition) of capital assets	9	74,611	(333,844)
Investment in associate	8	(200,000)	-
Acquisition of mineral properties	10	(27,227)	(150,562)
Disposal of mineral properties	10	(34,132)	-
		1,421,604	**(238,530)**
Change in cash		**(819,848)**	**577,106**
Cash and cash equivalents, beginning of year		**1,187,461**	**610,355**
Cash and cash equivalents, end of year		**$ 367,613**	**$ 1,187,461**

Supplemental cash flow information (Note 16)

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

Golden Predator Mining Corp.

Consolidated Statements of Changes in Equity
Years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated deficit	Total
Balance, December 31, 2018	**130,556,088**	**$ 74,878,584**	**$ 7,625,025**	**$ (71,859,992)**	**$ 10,643,617**
Private placements	23,100,000	9,320,000	-	-	9,320,000
Share issuance costs	-	(553,611)	-	-	(553,611)
Finders' warrants issued	-	(70,557)	70,557	-	-
Finders' shares issued	52,632	20,526	-	-	20,526
Flow-through share premium liability	-	(1,928,000)	-	-	(1,928,000)
Stock options exercised	625,000	168,500	(61,500)	-	107,000
Shares issued for royalty repurchase	600,000	117,000	-	-	117,000
Shares issued for property acquisition	950,000	218,500	-	-	218,500
Warrants issued for property acquisition	-	-	54,000	-	54,000
Shares issued for debt settlements	1,000,000	370,000	-	-	370,000
Stock-based compensation	-	-	599,020	-	599,020
Net loss and comprehensive loss	-	-	-	(9,235,501)	(9,235,501)
Balance, December 31, 2019	**156,883,720**	**82,540,942**	**8,287,102**	**(81,095,493)**	**9,732,551**
Private placements	15,450,000	4,500,000	-	-	4,500,000
Share issuance costs	-	(495,912)	-	-	(495,912)
Flow-through share premium liability	-	(552,500)	-	-	(552,500)
Stock-based compensation	-	-	203,495	-	203,495
Net loss and comprehensive loss	-	-	-	(1,889,852)	(1,889,852)
Balance, December 31, 2020	**172,333,720**	**$ 85,992,530**	**$ 8,490,597**	**$ (82,985,345)**	**$ 11,497,782**

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

1. NATURE OF OPERATIONS, BASIS OF PREPARATION AND GOING CONCERN

Golden Predator Mining Corp. (“Golden Predator” or the “Company”) was incorporated on April 29, 2008. The Company’s head office is located at Suite 250 – 200 Burrard Street, Vancouver, British Columbia.

Golden Predator is an exploration stage company focused on the acquisition and exploration of gold and base metal properties in the Yukon, Canada. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Yukon and trades on the TSX Venture Exchange (“TSXV”) under the symbol "GPY" and on the OTCQX market in the United States under the symbol "NTGSF.”

The Company has no ongoing source of operating cash flow and operations to date have been funded primarily from the issue of share capital. As of December 31, 2020, the Company had an accumulated deficit of $82,985,345 (2019 - $81,095,493) including the net loss of $1,889,852 reported for the year ended December 31, 2020 (2019 - $9,235,501). As of December 31, 2020, the Company had a working capital of $6,673,397 (2019 - working capital deficit of $396,339).

The Company’s continued operations are dependent on its ability to raise additional funding from loans or equity financings or through other arrangements. There is no assurance that future financing activities will be successful. Future capital requirements will depend on many factors including the Company’s ability to execute its business plan. These conditions give rise to a material uncertainty, which casts significant doubt on the Company’s ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the related expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

In March 2020, the World Health Organization declared a global pandemic caused by the outbreak of a novel coronavirus identified as “COVID-19.” In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations, resulting in an economic slowdown and increased volatility in national and global equity and commodity market.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, social distancing, government response actions, business closures or disruptions that are currently in place. There can be no assurance that the Company will not be further impacted by adverse consequences of the COVID-19 pandemic, which may affect resource and share prices, financial liquidity, access to supplies and contractors, and the Company’s ability to retain its staff.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Golden Predator Exploration Ltd. and Yukon Mint Corporation.

Subsidiaries are entities that the Company controls, either directly or indirectly. Control is achieved when the Company is exposed to or has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. All intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full.

Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

b. Basis of presentation and measurement

These consolidated financial statements are based on IFRS, as issued by the International Accounting Standards Board.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value, and are presented in Canadian dollars, which is the Company's functional currency as well as the functional currency of the Company's subsidiaries. The consolidated financial statements were authorized for issue by the board of directors on April 26, 2021.

c. Foreign currency translation

The functional currency of the Company and its subsidiaries is Canadian Dollar. Transactions in currencies other than the Company's functional currency are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with banks, and highly liquid short-term interest-bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e. Restricted cash

Restricted cash includes a deposit with a major Canadian financial institution as security for the Company's corporate credit cards.

f. Inventories

Inventories consist of refined gold bullion or coins and are valued at the lower of cost and net realizable value. Cost of inventories includes all costs of production or purchase and all costs of conversion and other costs incurred to bring the inventories to their present condition. Net realizable value represents the estimated selling price of inventory in the normal course of business less applicable selling expenses. If there is a subsequent increase in the value of inventory, the previous write-down to net realizable value is reversed up to the original cost.

g. Reclamation deposits

Reclamation deposits include bonds that have been pledged for reclamation and closure activities and that are not available for immediate disbursement.

h. Investment in associate

Investments in associates are accounted for using the equity method. The carrying amount of the investment in associate is increased or decreased to recognize the Company's share of the profit or loss of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company. Unrealized gains and losses on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Investment in associate is reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

i. Equipment

Equipment is originally recorded at cost at the time of purchase and is subsequently measured at cost less accumulated depreciation and impairment. Costs include all costs required to bring the item into its intended use by the Company.

Costs incurred for major overhauls of existing equipment are capitalized and are subject to depreciation once they are commissioned. The costs of routine maintenance and repairs are expensed as incurred.

Equipment is depreciated over the remaining useful life of the asset as follows:

Field equipment	4 - 5 years straight-line
Camp equipment	5 years straight-line
Computer equipment	30% declining balance
Camp	5 years straight-line
Vehicle	30% straight-line
Mill	5 years straight-line
Bridge	25 years straight-line
Leasehold	3 years straight-line

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Equipment (cont'd)

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

j. Mineral properties

Acquisition costs for mineral properties, net of recoveries, are capitalized on a property-by-property basis. Exploration and evaluation expenditures incurred during the exploration and evaluation phase are expensed as incurred and included in profit or loss. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of production.

If it is determined that capitalized acquisition costs are not recoverable, or the property is abandoned or management has determined that there is an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After all costs relating to a property have been recovered, further payments received are recorded as a gain on option or disposition of mineral property.

The Company has no operational income; therefore, any incidental revenue earned in connection with exploration activities is credited against exploration expenses.

k. Leases

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 evaluates whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset (which is included in equipment), 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, less any lease incentives received. The right-of-use asset is subsequently depreciated 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k. Leases (cont'd)

A lease liability is initially measured at the present value of the lease payments that are unpaid 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 of the Company. Lease payments included in the measurement of the lease liability include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the exercise price of purchase options if the Company is reasonably certain to exercise that option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a modification, change in the lease term, change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of loss and comprehensive loss over the lease term.

l. Provision for environmental reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future reclamation costs is capitalized to the related asset along with a corresponding increase in the reclamation 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 reclamation provision. The increase in the provision due to the passage of time is recognized as interest expense. The Company has determined that it has no significant reclamation provision obligations at December 31, 2020.

m. Impairment of tangible and intangible assets

The Company assesses at each reporting period whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it to the asset's carrying amount. The recoverable amount is the higher of the fair value less costs of disposal and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of loss during the period.

Reversals of impairment arise from subsequent reviews of the impaired assets where the conditions which gave rise to the original impairments are deemed no longer to apply. The carrying value of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the statement of loss in the period it is determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n. Share-based compensation

The Company grants share-based awards in the form of share options in exchange for the provision of services from certain employees, officers, and directors. The share options are equity settled awards. The Company determines the fair value of the awards on the date of grant using the Black-Scholes model. This fair value is charged to loss using a graded vesting attribution method over the vesting period of the options, with a corresponding credit to contributed surplus. When the share options are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjusts the total expense to be recognized over the vesting period.

o. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax payable, if any, is based on taxable earnings for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p. Treasury shares

Own equity instruments (treasury shares) are deducted from equity when calculating the profit/loss per shares. No gain or loss is recognized in profit or loss on the purchase, sale, or cancellation of the Company's own equity instruments. When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or subsequently re-issued, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the accumulated deficit.

q. Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs include commissions, facilitation payments, professional fees, and regulatory fees.

For the unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then share purchase warrants.

Share purchase warrants that are issued for goods and services are initially accounted for under IFRS 2 as equity instruments. Subsequent to their issuance, share purchase warrants issued for goods and services are considered as equity for their entire life. The fair value of such share purchase warrants is not re-measured. When these share purchase warrants are exercised, the cash proceeds received, and the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited, then these amounts remain in equity under contributed surplus.

r. Flow-through shares

The Company may issue flow-through shares to finance a portion of its capital expenditure program. Pursuant to the terms of the flow-through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow-through shares issued and the value that would have been received for common shares with no tax attributes (the market price of the shares when the financing closed) is initially recognized as a liability. When the expenditures are incurred the liability is drawn down, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Company as a result of the renunciation and the difference is recognized as a deferred tax expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

s. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (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. In periods of loss, basic and diluted earnings per share are the same as the effect of issuance of additional shares is anti-dilutive.

t. Revenue recognition

As the Company is in the exploration stage, it has no significant ongoing sources of revenue. Incidental revenue is generated from the sale of gold bars and coins through the Company's Yukon Mint Corporation subsidiary. In accordance with IFRS 15, the Company recognizes revenue when the gold is shipped to the customer. Delivery of the gold is considered to be the only performance obligation and revenue is measured based on the consideration specified in the contract with the customer.

Gold sales generated from bulk sampling activities are treated as a cost recovery against exploration expenses.

u. Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from the amounts included in the consolidated financial statements. The following are key sources of estimation uncertainty and judgement.

Carrying value of equipment
Judgment is required in assessing whether indicators of impairment exist. The Company considers both internal and external information to determine whether there is an indicator of impairment and whether impairment testing is required. The information we consider in assessing whether there is an indicator of impairment includes market transactions for similar assets, commodity prices, interest rates, inflation rates, mine plans, and operating results.

Carrying value of mineral properties
The Company follows the guidance of IFRS 6 to determine when a mineral property asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the results of exploration and evaluation activities to date and the company's future plans to explore and evaluate a mineral property.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

u. Critical accounting estimates and judgments (cont'd)

Deferred income taxes
Deferred tax liabilities are estimated for tax that may become payable in the future. Future payments could be materially different from our estimated deferred tax liabilities. The Company has deferred tax assets related to non-capital loses and other temporary differences. Deferred tax assets are only recognized to the degree that it shelters tax liabilities or when it is possible that there will be sufficient taxable income in the future to recover them.

Investment in associate
Our investments in C2C Gold Corp. (formerly Taku Gold Corp.) and Group 11 Technologies Inc. have been accounted for investments in associates. Determining the appropriate accounting treatment to apply to interests in other entities requires significant judgment to determine the degree of control or significant influence the Company exercises over the investee.

Share-based compensation
The fair value of stock-based compensation is estimated using valuation techniques at the date of grant. Significant judgement is required to determine the most appropriate valuation model and in determining the inputs into the model, including the expected life of the options, volatility and interest rates.

v. Financial instruments

The following is the Company's revised policy for accounting for financial instruments:

Financial instruments are recognized on the date on which the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flow from assets have expired or have been transferred and the Company has transferred all the risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, canceled, or expires. All financial instruments are initially recognized at fair value and measurement in subsequent periods is dependent upon the classification of the financial instrument.

The Company classifies and measures its financial instruments as follows:

i. *Non-derivative financial instruments*

Fair Value through Profit and Loss ("FVTPL")
Marketable securities are classified as FVTPL. They are initially recognized at fair value and transaction costs are expensed. Realized and unrealized gains and losses arising from changes in the fair value of the financial instruments are included in profit or loss in the period in which they occur. Changes in fair value of the financial instrument associated with the Company's own credit risk will be recognized in other comprehensive income.

Amortized cost
Cash and cash equivalents, accounts receivable, due from associate, and reclamation bonds are classified as and measured at amortized cost using the effective interest rate method, adjusted for impairment losses, if any.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

v. Financial instruments (cont'd)

ii. Derivative financial instruments

Derivative instruments are classified as FVTPL. They are initially recognized at fair value and gains or losses in fair value are included in profit or loss in the period in which they occur. Embedded derivatives in financial liabilities measured at amortized cost are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. Embedded derivatives in financial assets are not separated from the host and the hybrid instruments are classified as a whole.

w. Government assistance

Government assistance received relates to the Canada Emergency Wage Subsidy (CEWS). These amounts are recognized in general and administrative expenses as the salaries and wages expense of employees are incurred and the subsidy amount can be reasonably assured.

x. Adoption of new accounting standards

The IASB has issued a number of amendments to standards and interpretations, some of which were not yet effective in 2020. Amendments not yet effective have not been applied in preparing these consolidated financial statements. It is anticipated that these amendments will have no impact on the Company's financial statements when they are adopted in future years. Effective January 1, 2020, the Company has adopted the following new standards and amendments:

- Amendments to IFRS 3, Business Combinations ("IFRS 3") (assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. This amendment did not have a material impact on the Company's consolidated financial statements.

- Amendments to IFRS 9, Financial Instruments ("IFRS 9") and IFRS 7, Financial Instruments: Disclosures ("IFRS 7") will affect entities that apply the hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform. The amendments modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. If a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amended Standards, then discontinuation of hedge accounting is still required. This amendment did not have a material impact on the Company's consolidated financial statements.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

x. Adoption of new accounting standards (cont'd)

Below is new standards and interpretations the Company have not yet adopted:

- Amendments to IAS 1, Classification of Liabilities as Current or Non-Current clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

  i. clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
  ii. clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
  iii. make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

3. RESTRICTED CASH

During the year ended December 31, 2020, the Company redeemed $69,000 (2019 - $Nil) from the Guaranteed Investment Certificate ("GIC"). As at December 31, 2020, restricted cash includes a GIC in the amount of $11,500 (2019 - $80,500) held on deposit with a major Canadian financial institution as security for the Company's corporate credit cards.

4. MARKETABLE SECURITIES AND DERIVATIVE INSTRUMENTS

Marketable securities consist of common shares of publicly traded companies.

Balance, December 31, 2018	**$**	**215,120**
Sale of marketable securities		(245,876)
Change in fair value of marketable securities		84,786
Balance, December 31, 2019		**54,030**
Shares of Seabridge Gold Inc. received (Note 10)		6,300,000
Sale of marketable securities		(304,500)
Change in fair value of marketable securities		1,717,017
Balance, December 31, 2020	**$**	**7,766,547**

During the year ended December 31, 2020, the Company had a realized gain on sale of marketable securities of $11,395 (2019 - $159,519).

(Expressed in Canadian dollars)

4. MARKETABLE SECURITIES AND DERIVATIVE INSTRUMENTS (CONT'D)

Derivative financial Instruments consist of covered call and put option contracts that were issued against shares of Seabridge Gold Inc. ("Seabridge"). These instruments are classified as financial liabilities at fair value through profit or loss ("FVTPL"). They are recognized at fair value and any gains or losses in fair value are included in profit or loss.

Balance, December 31, 2019	**$**	**-**
Premiums received from the derivative contracts		550,274
Gains realized on the exercised call contracts		(42,439)
Gains realized on the closed contracts		(378,059)
Change in fair value of derivative contracts		(42,408)
Balance, December 31, 2020	**$**	**87,368**

5. ACCOUNTS RECEIVABLE

As at December 31, 2020, accounts receivable consist of trade receivables of $31,870 (2019 - $6,628), goods and services tax receivable of $76,161 (2019 - $161,174) and accrued interest on GIC of $101 (2019 - $7,072).

6. INVENTORIES

As at December 31, 2020, inventories consist of 82 (2019 - 282) ounces of gold bullion refined from the bulk samples valued at $198,929 (2019 - $557,593),11 ounces (2019 - nil) silver bullion refined from the bulk samples valued at $346 (2019 - $Nil), Nil gold bars (2019 - 12 ounces valued at $23,737), 71 (2019 - 90) ounces of gold coins valued at $181,388 (2019 - $190,192), 260 (2019 - Nil) ounces of silver coins valued at $12,445 (2019 - $Nil) and working-in-progress inventory costs of $36,148 (2019 - $Nil) associated with design and production of the 2020 Yukon Mint silver coins.

7. RECLAMATION DEPOSITS

During the year ended December 31, 2020, the Company redeemed $218,020 (2019 - $Nil), the reclamation deposit in relation to the 3 Aces property following the sale of the property (Note 10). The Company also received a refund of $455,163 (2019 - $Nil) from the redemption of its Brewery Creek reclamation deposit. This deposit was replaced with a surety bond of $1,000,000 issued in the name of the Yukon Government. During the year ended December 31, 2020, the Company paid $25,000 (2019 - $25,000) in consideration of the surety bond.

As at December 31, 2020, the Company had $Nil (2019 - $673,183) on deposit with a major Canadian financial institution as security for future reclamation costs.

(Expressed in Canadian dollars)

8. INVESTMENT IN ASSOCIATES

As at December 31, 2020, the Company has investments in two associated companies: C2C Gold Corp. ("C2C") (formerly "Taku Gold Corp.") and Group 11 Technologies Inc. ("Group 11").

C2C Gold Corp.

As at December 31, 2020, the Company held 14,500,000 shares, or 24.28% (2019 - 32.21%) of the issued and outstanding shares of C2C. The Company has determined that it exercises significant influence over C2C and accounts for this investment using the equity method of accounting.

C2C is a junior mineral exploration company focused on exploration and resource development in Yukon and Newfoundland, Canada. The fair market value of 14,500,000 shares of C2C at December 31, 2020 was $2,900,000 (2019 - $870,000). The Company is not exposed to any additional losses beyond its initial investment in C2C. No dividends or cash distributions have been received from C2C.

During the year ended December 31, 2020, the Company recorded its proportionate share of C2C's net loss of $146,637 (2019 - $97,595) net of adjustment in equity position within loss of investment in associate on the consolidated statements of operations and comprehensive income.

The following is a summary of C2C's financial information on a 100% basis as at December 31, 2020 and 2019. C2Cs financial statements are prepared in accordance with IFRS and the amounts presented here have been adjusted to reflect fair value adjustments made at the time of the investments and for differences in accounting policies.

	2020	2019
Cash and cash equivalents	$ 768,508	$ 5,816
Total current assets	817,388	39,350
Total non-current assets	6,451,581	5,843,557
Total current liabilities and total liabilities	(214,357)	(109,862)
Net asset value	7,054,612	5,773,045
Ownership Percentage	24.28%	32.21%
Carrying value of the investment in C2C	$ 1,712,861	$ 1,859,498
Net loss and comprehensive loss	$ (221,312)	$ (308,616)
Proportionate share of net loss and comprehensive loss	$ (60,219)	$ (95,721)

Group 11 Technologies Inc.

During the year ended December 31, 2020, the Company entered into a corporate joint venture and limited license agreement (the "Agreement") with EnCore Energy Corp. and Enviroleach Technologies Inc. to establish Group 11 Technologies Inc., a US-based technology company focusing on non-invasive extraction technology and environmentally friendly mining solutions to advance in-situ gold recovery. Pursuant to the terms of the Agreement, the Company transferred the Secondary Recovery Unit (the "SRU") and other mobile processing equipment, in a total value of $200,000, to Group 11 during the year ended December 31, 2020.

As at December 31, 2020, the Company owned 6,000,000 shares, or 20% (2019 - $Nil) of the issued and outstanding shares of Group 11. The Company has determined that it exercises significant influence over Group 11 and accounts for this investment using the equity method of accounting.

(Expressed in Canadian dollars)

8. INVESTMENT IN ASSOCIATES (CONT'D)

Group 11 Technologies Inc. (cont'd)

During the year ended December 31, 2020, the Company recorded its proportionate share of Group 11's net loss of $25,577 (2019 - $Nil) net of adjustment in equity position within loss of investment in associate on the consolidated statements of operations and comprehensive income.

The following is a summary of Group 11's financial information on a 100% basis as at December 31, 2020.

		2020
Cash and cash equivalents	$	482,877
Total current assets		525,668
Total non-current assets		1,004,961
Total current liabilities and total liabilities		(16,642)
Net asset value		1,513,987
Ownership Percentage		20.00%
Carrying value of the investment in Group 11	$	174,423
Net loss and comprehensive loss	$	(127,883)
Proportionate share of net loss and comprehensive loss	$	(25,577)

The following table is a reconciliation of the carrying value of the investment in associates:

	C2C	**Group 11**	**Total**
Balance, December 31, 2018	**$ 1,648,343**	**$ -**	**$ 1,648,343**
Adjustments to carrying value:			
Proportionate share of net loss (year ended December 31, 2019)	(95,721)	-	(95,721)
Adjustment for share-based compensation	7,149	-	7,149
Adjustment for change in equity position	(9,023)	-	(9,023)
Loss from investment in associate	(97,595)	-	(97,595)
Add shares received under Sonora Gulch option agreement	308,750	-	308,750
Balance, December 31, 2019	**1,859,498**	**-**	**1,859,498**
Initial investment in associate	-	200,000	200,000
Adjustments to carrying value:			
Proportionate share of net loss (year ended December 31, 2020)	(60,219)	(25,577)	(85,796)
Adjustment for share-based compensation	19,937	-	19,937
Adjustment for change in equity position	(106,355)	-	(106,355)
Loss from investment in associate	(146,637)	(25,577)	(172,214)
Balance, December 31, 2020	**$ 1,712,861**	**$ 174,423**	**$ 1,887,284**

(Expressed in Canadian dollars)

9. EQUIPMENT

	Computer and software	Field equipment	Camp and camp equipment	Vehicles	Leasehold	Office Furniture	Finance Lease	Mill	Bridge	Total
Cost										
Balance, December 31, 2018	$ 11,143	$ 1,501,710	$ 1,302,880	$ 439,780	$ 13,012	$ -	$ 482,350	$ 1,145,097	$ 477,610	$ 5,373,582
IFRS 16 transition (Note 11)	-	-	-	-	-	-	(482,350)	-	-	(482,350)
Adjusted balance, January 1, 2019	11,143	1,501,710	1,302,880	439,780	13,012	-	-	1,145,097	477,610	4,891,232
Additions	-	-	12,000	-	-	-	-	321,844	-	333,844
Balance, December 31, 2019	11,143	1,501,710	$ 1,314,880	439,780	13,012	-	-	1,466,941	477,610	5,225,076
Additions	-	9,643	-	12,150	-	8,974	-	75,000	-	105,767
Reclassification from the ROU (Note 11)	-	-	440,000	-	-	-	-	-	-	440,000
Disposals (Note 10)		(48,500)	(1,254,490)	-	(13,012)	-		(147,864)	(477,610)	(1,941,476)
Balance, December 31, 2020	$ 11,143	$ 1,462,853	$ 500,390	$ 451,930	$ -	$ 8,974	$ -	$ 1,394,077	$ -	$ 3,829,367
Accumulated Depreciation										
Balance, December 31, 2018	$ 4,513	$ 740,044	$ 551,963	$ 286,177	$ 6,506	$ -	$ 86,350	$ 200,733	$ 47,763	$ 1,924,049
IFRS 16 transition (Note 11)	-	-	-	-	-	-	(86,350)	-	-	(86,350)
Depreciation	1,989	259,106	187,926	105,438	4,338	-	-	261,206	19,105	839,108
Balance, December 31, 2019	6,502	999,150	739,889	391,615	10,844	-	-	461,939	66,868	2,676,807
Depreciation	1,392	223,242	115,082	49,988	2,168	897	-	345,839	4,776	743,384
Reclassification from the ROU (Note 11)	-	-	154,000	-	-	-	-	-	-	154,000
Disposals (Note 10)	-	(33,950)	(736,982)	-	(13,012)	-	-	(57,037)	(71,644)	(912,625)
Balance, December 31, 2020	$ 7,894	$ 1,188,442	$ 271,989	$ 441,603	$ -	$ 897	$ -	$ 750,741	$ -	$ 2,661,566
Net book value										
Balance, December 31, 2018	$ 6,630	$ 761,666	$ 750,917	$ 153,603	$ 6,506	$ -	$ 396,000	$ 944,364	$ 429,847	$ 3,449,533
Balance, December 31, 2019	$ 4,641	$ 502,560	$ 574,991	$ 48,165	$ 2,168	$ -	$ -	$ 1,005,002	$ 410,742	$ 2,548,269
Balance, December 31, 2020	$ 3,249	$ 274,411	$ 228,401	$ 10,327	$ -	$ 8,077	$ -	$ 643,336	$ -	$ 1,167,801

(Expressed in Canadian dollars)

10. MINERAL PROPERTIES

	Brewery Creek	Marg	Grew Creek	3 Aces (*)	Sprogge (*)	Reef (*)	Sonora Gulch	Other	Total
Balance, December 31, 2018	$ 1,340,292	$ 2,265	$ 117,500	$ 1,299,804	$ 432,500	$ 893,864	$ 285,000	$ 4,830	**$ 4,376,055**
Acquisition costs	122,562	-	-	-	-	-	-	-	122,562
Option payments – cash	-	-	50,000	45,000	-	50,000	-	-	145,000
Option payments – shares	-	-	-	-	-	218,500	-	-	218,500
Option payments – warrants	-	-	-	-	-	54,000	-	-	54,000
Property payments received	-	-	-	-	-	-	(308,750)	-	(308,750)
Recovery of impairment	-	-	-	-	-	-	23,750	-	23,750
Balance, December 31, 2019	1,462,854	2,265	167,500	1,344,804	432,500	1,216,364	-	4,830	**4,631,117**
Acquisition costs	2,227	-	-	-	-	-	-	-	2,227
Option payments – cash	-	-	25,000	45,000	-	-	-	-	70,000
Recovery of option payments	-	-	-	(45,000)	-	-	-	-	(45,000)
Sale of mineral properties	-	-	-	(1,344,804)	(432,500)	(1,216,364)	-	-	(2,993,668)
Balance, December 31, 2020	**$ 1,465,081**	**$ 2,265**	**$ 192,500**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,830**	**$ 1,664,676**

* Property was sold during the year ended December 31, 2020.

10. MINERAL PROPERTIES (CONT'D)

Brewery Creek, Yukon

The Company owns 100% of the Brewery Creek Project, subject to the following royalties:

- 2% NSR royalty to Alexco Resources Corp. on the first 600,000 ounces of gold produced, increasing to 2.75% thereafter. The Company can purchase 0.625% of the increased NSR royalty for $2,000,000;
- 5% net profits interest ("NPI") over a portion of the property; and
- 2.5% NPI to the Tr'ondek Hwech'in First Nation ("THFN") on areas outside the existing mining permits (part of an Amended and Restated Socio and Economic Accord between the Company and THFN).

During the year ended December 31, 2019, the Company eliminated a royalty held by Franco Nevada Corporation by issuing them 600,000 common shares valued at $117,000 and paid $5,562 in other acquisition related costs.

During the year ended December 31, 2019, the Company received formal notification from the Yukon Government confirming the validity of its existing Quartz Mining License and Water License, which allows the Company to immediately commence work to restart the Brewery Creek Mine.

An Amended and Restated Socio-Economic Accord for the Brewery Creek Project was entered into with the Tr'ondëk Hwëch'in First Nation ("THFN") in 2012. As consideration for entering into the agreement, the Company paid $400,000 worth of common shares to the THFN in prior periods. Upon receipt of all required permits in respect of the portion of the mine site outside the existing permitted area, the Company will pay an additional sum of $300,000, payable in shares at a price equal to a 5-day volume weighted average price. Key aspects of the Socio-Economic Accord include the Company's commitment in respect of training and scholarships, and the annual community legacy project grant, amounting to $60,000 per annum while the mine is operating. The Company has also agreed to pay the THFN a 2.5% NPI on revenue from the mine site, excluding the existing permitted area.

Marg, Yukon

The Company owns a 100% interest in the Marg property, subject to a 1% NSR royalty to Till Capital.

Grew Creek, Yukon

The Company owns 100% of the Grew Creek property, subject to a 4% NSR royalty. An annual $25,000 advance royalty is payable on the property. In October 2016, the Company entered into a Property Option Agreement with Quantum Cobalt Corp. ("Quantum" – formerly Bravura Ventures Corp.) whereby Quantum could earn up to a 90% interest in the Grew Creek property. Quantum did not make the cash and share payments scheduled for 2018, resulting in the Property Option Agreement being terminated and control of the property returning to the Company during the year ended December 31, 2019.

3 Aces, Yukon

On May 26, 2020, the Company closed the sale of its 100% interest in the 3 Aces gold project ("Property Purchase Agreement") with Seabridge Gold Inc., which included the 3 Aces, Sprogge and Reef properties, subject to underlying royalties. The sale consideration included 300,000 common shares of Seabridge valued at $6,300,000 (Note 4) based on the market price of $21 per share on the transaction closing date, cash reimbursement of $45,000 in property related payments and cash advance of $218,020 against the 3 Aces reclamation deposit (Note 7). The advance was paid back to Seabridge in October 2020 after the 3 Aces reclamation bond was released by the Yukon Government.

(Expressed in Canadian dollars)

10. MINERAL PROPERTIES (CONT'D)

3 Aces, Yukon (cont'd)

Pursuant to the terms of the Property Purchase Agreement, the Company retained a 0.5% net smelter returns (NSR) royalty on the 3 Aces project. The contingent future cash payments to Golden Predator include $1 million upon confirmation of a mineral resource of 2.5 million ounces of gold on the 3 Aces property, and a further $1.25 million upon confirmation of an aggregate mineral resource of 5 million ounces of gold for a total of $2.25 million.

The Company recognized a gain of $2,382,475 on the disposition of the 3 Aces project after deducting the capitalized acquisition costs of $2,993,668 related to the properties and net book value of $889,724 of the camp infrastructure, buildings and equipment transferred to Seabridge. The Company incurred legal and regulatory costs of $34,133 in connection with the sale.

11. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

Lease liabilities and Right-of-use ("ROU") assets were recognized on the adoption of IFRS 16 on January 1, 2019. As at December 31, 2020, lease liabilities include a contract for leasing office space in Vancouver that expires on May 31, 2022.

Adjusted opening balance at January 1, 2019	**$**	**436,455**
Principal payments		(285,172)
Accretion		29,558
Balance, December 31, 2019		**180,841**
Principal payments		(113,817)
Accretion		8,738
Balance, December 31, 2020	**$**	**75,762**

The following table sets out the future minimum lease payments as well as their present value as at December 31, 2020:

Future minimum lease payments		
Within 1 year	$	77,368
Within 2-5 years		-
		77,368
Effect of discounting		(1,606)
Present value of minimum lease payments		75,762
Less current portion		(75,762)
Non-current portion of lease liabilities	$	**-**

(Expressed in Canadian dollars)

11. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS (CONT'D)

The information on the right-of-use assets by type of the Company's leasing activities is as follows:

	Office space, Vancouver	Office space, Watson Lake	Trailer camp	Total
Cost:				
Net capital leases, December 31, 2018	$ -	$ -	$ 482,350	$ 482,350
Lease liabilities (IFRS 16)	211,025	16,269	-	227,294
Prepaid expenses (IFRS 16)	41,300	6,500	-	47,800
Balance, December 31, 2019	252,325	22,769	482,350	757,444
Adjustments	-	(22,769) **	(482,350) *	(505,119)
Balance, December 31, 2020	$ 252,325	$ -	$ -	$ 252,325
Accumulated depreciation:				
Opening balance, January 1, 2019	$ -	$ -	$ 86,350	$ 86,350
Depreciation	73,850	21,018	88,000	182,868
Balance, December 31, 2019	73,850	21,018	174,350	269,218
Depreciation	73,851	1,751	22,000	97,602
Adjustments	-	(22,769)**	(196,350) *	(219,119)
Balance, December 31, 2020	$ 147,701	$ -	$ -	$ 147,701
Net book value:				
Adjusted Balance, January 1, 2019	$ 252,325	$ 22,769	$ 396,000	$ 671,094
Balance, December 31, 2019	$ 178,475	$ 1,751	$ 308,000	$ 488,226
Balance, December 31, 2020	$ 104,624	$ -	$ -	$ 104,624

* During the year ended December 31, 2020, the Company reclassified the trailer camp, which is now owned by the Company and located on the Brewery Creek property, from the Right-of-Use asset to Equipment category on the statement of financial position, at the end of the 2-year lease-purchase term (Note 9).

** A contract for leasing office space in Watson Lake, Yukon, expired in May 2020 and was not renewed. The Company reversed the lease liability associated with the Watson Lake office lease and the corresponding right-of-use asset.

(Expressed in Canadian dollars)

12. FLOW-THROUGH SHARE PREMIUM LIABILITY

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a flow-through premium. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized, and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

Balance, December 31, 2018	**$**	**-**
Liability incurred on flow-through shares issued		1,928,000
Settlement of flow-through share liability on expenditures incurred		(1,388,160)
Balance, December 31, 2019		**539,840**
Liability incurred on flow-through shares issued (Note 13(a))		552,500
Settlement of flow-through share liability on expenditures incurred		(1,031,565)
Balance, December 31, 2020	**$**	**60,775**

13. SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of Class A Common Shares (a "Common Share") without par value, an unlimited number of Class B Common Shares without par value, an unlimited number of Class C Redeemable Preferred Shares without par value, and an unlimited number of Class D Redeemable Preferred Shares without par value.

As at December 31, 2020, there were 172,333,720 (2019 - 156,883,720) Class A Common Shares, no Class B Common Shares, no Class C Redeemable Preferred Shares, and no Class D Redeemable Preferred Shares issued and outstanding.

a) Capital stock

In September 2020, the Company completed a private placement and issued 4,250,000 flow-through common shares at a price of $0.40 per share for aggregate gross proceeds of $1,700,000. The Company paid cash commissions of $108,500 and $14,547 in other share issue costs.

A flow-through premium liability of $552,500 was recorded in connection with this private placement, which was calculated based on an estimated premium of approximately $0.13 per flow-through share issued (Note 12).

In May 2020, the Company completed a short-form prospectus offering ("Offering") and issued a total of 11,200,000 units at a price of $0.25 per unit for gross proceeds of $2,800,000. Each unit consists of one Class A common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable at $0.35 per common share for a period of three years from closing, subject to acceleration. The Offering was completed pursuant to an agency agreement dated May 13, 2020, between Clarus Securities Inc. as agent and the Company. The Company paid a cash commission of $196,000 to the agent and incurred other share issuance costs of $176,865 in connection with the Offering.

13. SHARE CAPITAL (CONT'D)

a) Capital stock (cont'd)

In July 2019, the Company completed a private placement and issued 11,600,000 charity flow-through common shares at a price of $0.45 per share, 7,000,000 traditional flow-through common shares at a price of $0.38 per share, and 4,500,000 non-flow-through common shares at a price of $0.32 per share for aggregate gross proceeds of $9.32 million. The Company paid cash commissions of $470,951 and $62,134 in other share issue costs. In addition, 52,632 shares with a value of $20,526 were issued for finders' fees.

Finders were issued a total of 427,140 share purchase warrants with a two-year term. 102,840 warrants have an exercise price of $0.38 and 324,300 warrants have an exercise price of $0.32. The finders' warrants were valued at $70,557.

During the year ended December 31, 2019, the Company also:

- Issued 625,000 Class A common shares for proceeds of $107,000 related to the exercise of stock options;
- Issued 950,000 Class A common shares valued at $218,500 related to the purchase of the Reef Property;
- Issued 600,000 Class A common shares valued at $117,000 to eliminate an outstanding royalty on the Brewery Creek Property (Note 10); and
- Issued 1,000,000 Class A common shares as consideration for $200,000 in outstanding accounts payable. A loss on debt settlement of $170,000 was recorded as the Company's share price appreciated significantly between the time the deal was signed and the shares were issued.

b) Stock options

The Company has a stock option plan under which directors, officers, employees, management and consultants of the Company are eligible to receive stock options. The maximum number of common shares issuable pursuant to the exercise of outstanding options granted under the plan is 10% of the issued shares of the Company at the time of granting the options. The maximum number of stock options granted to any one optionee in a 12-month period may not exceed 5% of the outstanding common shares of the Company. Options granted under the plan may not exceed a term of ten years and vest at terms determined by the directors at the time of grant. The exercise price, expiry date, and vesting term of each option are determined by the directors at the time of grant, provided that the exercise price may not be less than the price permitted by the policy or policies of the stock exchange(s) on which the Company's common shares are then listed.

(Expressed in Canadian dollars)

13. SHARE CAPITAL (CONT'D)

b) Stock options (cont'd)

Stock options outstanding as at December 31, 2020 and 2019 were as follows:

	2020		2019	
Expiry Date	**Outstanding Options**	**Exercise Price ($)**	**Outstanding Options**	**Exercise Price ($)**
January 20, 2020	-	-	85,000	0.99
March 21, 2020	-	-	385,000	1.60
March 21, 2020	-	-	30,000	1.41
May 4, 2020	-	-	25,000	1.27
August 29, 2020	-	-	50,000	1.60
August 29, 2020	-	-	60,000	0.75
August 29, 2020	-	-	75,000	0.42
August 29, 2020	-	-	100,000	0.37
September 13, 2020	-	-	15,000	0.90
September 30, 2020	-	-	700,000	0.91
October 20, 2020	-	-	35,000	0.85
December 4, 2020	-	-	40,000	0.64
February 26, 2021 *	570,000	0.75	680,000	0.75
April 21, 2021 *	120,000	0.49	120,000	0.49
June 20, 2021	800,000	0.42	830,000	0.42
July 17, 2021	60,000	0.42	60,000	0.42
July 25, 2021	-	-	30,000	0.42
September 7, 2021	1,095,000	0.42	1,480,000	0.42
February 20, 2022	100,000	0.26	100,000	0.26
June 1, 2022	60,000	0.20	60,000	0.20
June 17, 2022	-	-	150,000	0.19
July 11, 2022	70,000	0.36	70,000	0.36
August 15, 2022	1,165,000	0.37	1,530,000	0.37
September 12, 2022	250,000	0.37	250,000	0.37
December 19, 2022	150,000	0.26	-	-
January 8, 2023	70,000	0.37	-	-
April 1, 2023	500,000	0.25	-	-
May 28, 2023	325,000	0.30	-	-
October 5, 2023	75,000	0.27	-	-
December 31, 2023	125,000	0.25	-	-
February 20, 2024	500,000	0.26	500,000	0.26
	6,035,000	**0.39**	**7,460,000**	**0.55**

* Stock options expired unexercised subsequent to December 31, 2020

(Expressed in Canadian dollars)

13. SHARE CAPITAL (CONT'D)

b) Stock options (cont'd)

Stock option transactions are summarized as follows:

	Outstanding Options	Weighted Average Exercise Price
Balance, December 31, 2018	**7,902,500**	**$ 0.64**
Granted	2,820,000	0.33
Exercised	(625,000)	0.17
Forfeited	(2,637,500)	0.66
Balance, December 31, 2019	**7,460,000**	**$ 0.55**
Granted	1,330,000	0.28
Forfeited	(2,755,000)	0.77
Balance, December 31, 2020	**6,035,000**	**$ 0.39**
Exercisable, December 31, 2020	**4,772,500**	**$ 0.42**

During the year ended December 31, 2020, the Company recognized stock-based compensation related to vested stock options of $203,495 (2019 - $480,763) in general and administrative expenses. The weighted average fair value of options granted during the year ended December 31, 2020 was $0.12 (2019 - $0.16) per share.

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	2020	2019
Risk-free interest rate	0.60%	1.35%
Expected life of option	3 years	3.4 years
Expected dividend yield	0%	0%
Expected stock price volatility	74.82%	78.28%

c) Warrants

Share purchase warrant transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2018	**5,818,369**	**1.05**
Granted	877,140	0.37
Expired	(251,562)	1.60
Balance, December 31, 2019	**6,443,947**	**0.93**
Granted	5,600,000	0.35
Expired	(5,166,807)	1.00
Balance, December 31, 2020	**6,877,140**	**0.40**

(Expressed in Canadian dollars)

13. SHARE CAPITAL (CONT'D)

c) Warrants (cont'd)

During the year ended December 31, 2020, the Company issued 5,600,000 share purchase warrants in connection with the Offering (Note 13 (a)). Each whole warrant is exercisable at $0.35 per common share for a period of three years from closing, subject to acceleration of the expiry date to the 30th calendar day following notice to holders in the event that the volume-weighted average price of the company's shares is equal to or higher than $0.75 for a period of five consecutive trading days on the TSXV or other Canadian stock exchange on which the Company's shares are principally traded.

During the year ended December 31, 2019, the Company issued:

- 102,840 finders' warrants with a fair value of $0.15 per warrant and 324,300 finders' warrants with a fair value of $0.17 per warrant in connection with the financing; and
- 450,000 warrants with a fair value of $54,000 related to the purchase of the Reef Property (Note 10).

Share purchase warrants outstanding as at December 31, 2020 and 2019 are as follows:

	2020		2019	
Expiry Date	**Outstanding Warrants**	**Exercise Price ($)**	**Outstanding Warrants**	**Exercise Price ($)**
February 13, 2020	-	-	4,606,189	1.00
February 13, 2020	-	-	460,618	0.91
March 23, 2020	-	-	100,000	1.59
December 21, 2020 *	300,000	1.00	300,000	1.00
February 2, 2021 *	100,000	2.00	100,000	2.00
July 24, 2021	324,300	0.32	324,300	0.32
July 24, 2021	102,840	0.38	102,840	0.38
April 1, 2023	450,000	0.40	450,000	0.40
May 20, 2023	5,600,000	0.35	-	-
	6,877,140	**0.40**	**6,443,947**	**0.93**

* Warrants expired unexercised subsequent to December 31, 2020

14. EXPLORATION EXPENSES

	2020	2019
Engineering and tech studies	$ 1,557,978	$ 301,198
Drilling	1,102,834	1,631,576
Personnel	787,972	2,293,194
Amortization	724,491	925,119
Community and environment	570,113	316,534
Logistics and support	342,516	1,780,867
Field and general	295,857	1,121,908
Geochemistry	293,958	444,059
Helicopter and airplane	6,494	39,223
Geophysics	-	83,978
Cost recoveries	(415,540)	(1,182,208)
	$ 5,266,673	**$ 7,755,448**

(Expressed in Canadian dollars)

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Office and insurance	$ 700,544	$ 1,128,687
Consulting fees	467,773	13,133
Travel, shareholder relations and promotion	317,668	580,800
Professional fees	232,595	214,977
Share-based compensation	203,495	599,020
Depreciation	75,244	96,857
Regulatory & compliance	61,819	66,214
	$ 2,059,138	**$ 2,699,688**

16. SUPPLEMENTAL CASH FLOW INFORMATION

	Notes	2020	2019
Net change in non-cash working capital			
Accounts receivable	5	$ 66,742	$ 166,656
Prepaid expenses and deposits		84,570	(74,874)
Accounts payable and accrued liabilities		(309,416)	1,016,732
Inventories	6	342,266	136,623
Due from associate	17	(4,856)	(62,946)
		$ 179,306	**$ 1,182,191**
Non-cash financing and investing activities			
Flow-through share premium liability	12	$ 1,031,565	$ 1,928,000
Exercise of stock options	13	-	61,500
Shares issued for property acquisition		-	218,500
Shares issued for debt settlements		-	370,000
Warrants issued for property acquisition		-	54,000
Shares received for mineral properties	10	6,300,000	308,750
Shares issued for royalty repurchase	10	-	117,000
Finder's warrants issued	10	-	70,557
		$ 7,331,565	**$ 3,128,307**

17. RELATED PARTY TRANSACTIONS

a) Key management compensation

During the year ended December 31, 2020 and 2019, the compensation paid or payable to key management (Officers and Directors) for management services provided was as follows:

	2020	2019
Salary and management fees	$ 698,762	520,666
Stock-based compensation	120,480	324,441
	$ 819,242	**$ 845,107**

(Expressed in Canadian dollars)

17. RELATED PARTY TRANSACTIONS (CONT'D)

b) Other transactions

During the year ended December 31, 2020, the Company recovered $27,200 (2019 - $83,000) from C2C, an associated company, for C2C's share of rent and office salaries and $93,100 (2019 - $93,100) from EnCore Energy Corp. ("EnCore"), a company that has two common directors and one common officer, for EnCore's share of rent and office salaries.

During the year ended December 31, 2020, the Company sold $125,773 (2019 - $25,896) gold bars and coins to directors and officers of the Company and recorded a fair value of $9,102 (2019 - $Nil) for 3.7 ounces of gold coins awarded to directors and officers of the Company.

c) Balances outstanding

At December 31, 2020, there was $96,365 (2019 - $25,994) due to a director and officers of the Company in accounts payable and accrued liabilities and $Nil (2019 - $8,321) was prepaid to a director of the Company for travel expenses.

There was $61,162 due from C2C in accounts receivable at December 31, 2020 (2019 - $66,306), $10,000 due from Group 11 (2019 - $Nil) and $8,575 (2019 - $Nil) due from EnCore.

18. INCOME TAXES

The Company has recorded $Nil current and deferred tax expense for the years ended December 31, 2020 and 2019.

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

	2020	2019
Net loss for the year	**$ (1,889,852)**	**$ (9,235,501)**
Canadian federal and provincial income tax rates	27%	27%
Expected income tax (recovery)	(510,000)	(2,494,000)
Permanent differences	(279,000)	173,000
Impact of flow-through shares	1,008,000	2,129,000
Tax effect of flow-through premium recognized in income	(279,000)	(375,000)
Impact of future income tax rates applied versus current statutory rate	-	-
Share issue costs	(134,000)	(144,000)
True up of prior year provision to statutory tax returns	(556,000)	(219,000)
Change in unrecognized deductible temporary differences and other	750,000	930,000
Total income tax expense (recovery)	**$ -**	**$ -**

(Expressed in Canadian dollars)

18. INCOME TAXES (CONT'D)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2020	2019
Deferred tax assets (liabilities)		
Share issue costs	$ 370,000	$ 500,000
Allowable capital losses	2,127,000	2,142,000
Non-capital losses available for future periods	9,441,000	8,674,000
Property and equipment	1,464,000	1,258,000
Exploration and evaluation assets	12,018,000	11,876,000
Marketable securities	(224,000)	8,000
Lease liabilities	20,000	49,000
Right-of-use asset	(28,000)	-
Investment in associates	77,000	-
Unrecognized deferred tax assets	**$ 25,265,000**	**$ 24,507,000**

$34.04 million (2019 - $32.12 million) of non-capital losses expire between 2027 and 2040. $1.37 million in other temporary differences (2019 - $1.85 million) expire in 2024. Resource pools of $41.74 million (2019 - $41.21 million) and other temporary differences of $13.96 million (2019 - $12.83 million) have no expiry date.

19. FINANCIAL INSTRUMENTS

Financial instruments include cash and any contracts that give rise to a financial asset to one party and a financial liability or equity instrument to another party. The Company's cash and cash equivalents, accounts receivable, due from associate, and reclamation bonds are categorized as financial assets measured at amortized cost. Marketable securities are categorized as assets measured at fair value through profit and loss. The accounts payable and accrued liabilities, advance from Seabridge and lease liabilities are categorized as financial liabilities measured at amortized cost. Equity derivative instruments held for trading are categorized as financial liabilities measured at fair value through profit and loss.

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy.

The three levels are defined based on the observability of the significant inputs to the measurement, as follows:
Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
Level 3 – Inputs that are not based on observable market data.

The fair value of the marketable securities and the derivative financial instruments have been estimated by reference to their quoted prices at the reporting date. The marketable securities and the derivative financial instruments measured at fair value in the statement of financial position as at December 31, 2020 and 2019 are classified in Level 1.

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments. The carrying amounts of the reclamation bonds and lease liabilities are considered to be reasonable approximations of their fair values due to their contractual interest rates being comparable to current market interest rates.

19. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are market risk, credit risk and liquidity risk. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed.

Market risk

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

Foreign exchange risk

The Company operates mainly in Canada, but a portion of the Company's financial assets and liabilities are denominated in US dollars. The Company does not undertake currency hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivables and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash held in bank accounts with a major Canadian financial institution. Accounts receivable consist primarily of trade receivables from the sale of gold bars and coins and of goods and services tax receivable from the Canadian government. Reclamation bonds consist of guaranteed investment certificates with a major Canadian financial institution. Management believes the risk of credit loss to be minimal.

Interest rate risk

Interest rate risk mainly arises from the Company's cash and cash equivalents and reclamation bonds, which receive interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favorable. As at December 31, 2020, the Company had a working capital of $6,673,397 (2019 - working capital deficit of $396,339).

(Expressed in Canadian dollars)

19. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

The following tables detail the Company's expected remaining contractual cash flow requirements for its financial liabilities on repayment or maturity periods. The amounts presented are based on the contractual undiscounted cash flows and may not agree with the carrying amounts on the Statements of Financial Position.

As at December 31, 2020	**Up to 1 year**	**1-5 years**	**Total**
Accounts payable and accrued liabilities	$ 2,036,764	$ -	$ 2,036,764
Derivative financial instruments	87,368	-	87,368
Finance lease obligation	75,762	-	75,762
	$ 2,199,894	**-**	**$ 2,199,894**

As at December 31, 2019	**Up to 1 year**	**1-5 years**	**Total**
Accounts payable and accrued liabilities	$ 2,346,180	$ -	$ 2,346,180
Finance lease obligation	109,438	71,403	180,841
	$ 2,455,618	**$ 71,403**	**$ 2,527,021**

Price risk

The Company is exposed to price risk with respect to equity and commodity prices. Equity price risk is the risk of loss associated with movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is the risk of loss associated with commodity price movements.

The Company closely monitors individual equity movements, the stock markets and commodity prices to determine appropriate actions to be taken by the Company. The Company has investments in certain publicly traded companies (marketable securities), and there can be no assurance that the Company can exit these positions if required, so there is a risk that proceeds may not approximate the carrying value of these investments. A 10% fluctuation in the price of the Company's marketable securities would increase or decrease loss and comprehensive loss by $776,655 at December 31, 2020 (2019 - $5,403). A 10% fluctuation in the price of gold could increase or decrease loss and comprehensive loss by $42,926 at December 31, 2020 (2019 - $77,152). A 10% fluctuation in the price of the derivative instruments held for trading would increase or decrease loss and comprehensive loss by $8,737 at December 31, 2020 (2019 - $Nil).

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable level of risk. In the management of capital, the Company includes components of shareholders' equity. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents, short term investments and marketable securities.

19. FINANCIAL INSTRUMENTS (CONT'D)

Capital management (cont'd)

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2020.

20. COMMITMENTS

As at December 31, 2020, the Company's non-lease commitments include:

a) On January 28, 2013, the Company entered into an Exploration Memorandum of Understanding (the "MOU") with Kaska Nation represented by the Ross River Dena Council and Liard First Nation regarding exploration activity in their traditional territory. Under the MOU, the Company will pay an annual Community Development fee of 2% for "on the ground" exploration expenditures incurred at the 3 Aces project. The total community fee owed to the Kaska Nation of $341,455 from prior years will remain the responsibility of the Company.

b) An Amended and Restated Socio-Economic Accord for the Brewery Creek Project was entered into with the Tr'ondëk Hwëch'in First Nation in September 2012. Key aspects of the Socio-Economic Accord include the Company's commitment in respect of training and scholarships, and the annual community legacy project grant, amounting to $60,000 per annum while the mine is operating.

21. SUBSEQUENT EVENTS

On March 3, 2021, the Company ("Golden Predator") announced it has entered into a definitive arrangement agreement with Viva Gold Corp. ("Viva Gold") whereby the Company will acquire all of the outstanding securities of Viva Gold by way of a plan of arrangement (the "Arrangement") under the *Business Corporation Act* (British Columbia) (the "Transaction"). Pursuant to the Arrangement, the shareholders of Viva Gold will receive 1.60 Class A common shares of Golden Predator (a "Golden Predator Share") for each common share of Viva Gold (a "Viva Gold Share") held by them at the effective time of the Arrangement (the "Exchange Ratio"). Upon the closing of the Transaction, former shareholders of Viva Gold will hold approximately 27% of the outstanding shares of Golden Predator. The Exchange Ratio represents a premium of approximately 35% to the Viva Gold shareholders over the 20-day volume weighted average price, and 35% to the 30-day volume weighted average price of the Viva Gold Shares as at March 1, 2021. On closing of the Arrangement, subject to TSX Venture Exchange ("TSXV") approval and applicable securities laws, the directors of the Company will consist of: William Sheriff (Executive Chair); James Hesketh (Chief Executive Officer); two nominees selected by Viva Gold; and three nominees selected by the Company. The management of the Company will consist of James Hesketh, President and Chief Executive Officer and Mike Maslowski, Chief Operating Officer.