Condensed Consolidated Interim Financial Statements of

SILVER SPRUCE RESOURCES INC.

For the three months ended January 31, 2021 and 2020

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Silver Spruce Resources Inc. (the "Company") for the three months ended January 31, 2021 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited condensed interim financial statements have not been reviewed by an auditor.

"Brian Penney"

Chief Executive Officer

Bedford, Nova Scotia
March 26, 2021

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SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	As at January 31, 2021	As at October 31, 2020
	$	$
Assets		
Current		
Cash	**1,694,938**	1,273,190
HST and other receivables	**90,060**	61,790
Prepaid expenses	**80,376**	86,759
Total current assets	**1,865,374**	1,421,739
Non-current		
Right-of-use asset (Note 7)	**54,847**	-
Total assets	**1,920,221**	1,421,739
Liabilities		
Current		
Trade payable and accrued liabilities (Note 12)	**128,765**	50,906
Property acquisition obligation (Note 6(a))	**31,950**	33,295
Current portion of lease liability (Note 7)	**18,554**	-
Total current liabilities	**179,269**	84,201
Non-current		
Canada Emergency Business Loan (Note 8)	**27,552**	27,552
Lease Liability (Note 7)	**36,516**	-
Total liabilities	**243,337**	111,753
Shareholders' Equity		
Share capital (Note 9)	**32,364,923**	31,781,728
Warrant reserve (Note 10)	**1,463,435**	1,283,497
Equity reserve	**8,835,723**	8,794,942
Accumulated deficit	**(40,987,197)**	(40,550,181)
Total shareholders' equity (deficiency)	**1,676,884**	1,309,986
Total liabilities and shareholders' equity	**1,920,221**	1,421,739

Basis of preparation and going concern (Note 2)
Commitments and contingencies (Notes 6 and 14)
Subsequent events (Notes 6(b), 6(c) and 15)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by Kevin O'Connor, Director

Original signed by Brian Penney, CEO, Director

See accompanying notes to the condensed consolidated interim financial statements

SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended January 31, 2021	For the three months ended January 31, 2020
	$	$
Expenses		
Exploration and evaluation expenditures (Note 6 and 12)	**239,299**	48,611
Stock based compensation (Note 11)	**35,028**	-
Office and general	**18,717**	15,915
Accounting and audit	**15,014**	10,800
Legal	**1,954**	6,986
Consulting fees (Note 12)	**71,288**	16,527
Corporate relations	**39,388**	92,120
Interest on lease liability (Note 7)	**478**	-
Listing and filing fees	**13,656**	32,846
Depreciation - Right-of-use asset (Note 7)	**3,226**	-
Total expenses	**438,048**	223,805
Other items		
Gain on settlement of debts	**-**	(17,000)
Foreign exchange loss	**(1,032)**	(83)
Total other items	**(1,032)**	(17,083)
Net loss and comprehensive loss for the period	**(437,016)**	(206,722)
Net loss per share - basic and diluted	**(0.00)**	(0.00)
Weighted average number of shares outstanding - basic and diluted	**139,160,683**	92,226,485

See accompanying notes to the condensed consolidated interim financial statements

SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Change in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars - Unaudited)

	Number of shares	Share capital $	Warrant reserve $	Equity reserve $	Accumulated deficit $	Total equity (deficiency) $
Balance October 31, 2019	**91,155,833**	**30,228,208**	**444,945**	**8,696,106**	**(39,767,743)**	**(398,484)**
Net loss for the period	-	-	-	-	(206,722)	(206,722)
Private placement common shares issued (Note 9)	5,490,000	274,500	-	-	-	274,500
Share issuance costs (Note 9)	-	(12,888)	(9,987)	-	-	(22,875)
Value of warrants issued under private placement (Note 10)	-	(112,507)	112,507	-	-	-
Shares issued on settlement of debt	1,700,000	68,000	-	-	-	68,000
Shares issued for property acquisition (Note 6(b))	500,000	20,000	-	-	-	20,000
Balance January 31, 2020	**98,845,833**	**30,465,313**	**547,465**	**8,696,106**	**(39,974,465)**	**(265,581)**
Net loss for the period	-	-	-	-	(575,716)	(575,716)
Private placement common shares issued (Note 9)	36,390,000	1,828,080	-	-	-	1,828,080
Share issuance costs (Note 9)	-	(79,640)	(65,040)	-	-	(144,680)
Value of warrants issued under						-
private placement (Note 10)	-	(826,025)	826,025	-	-	-
Shares issued on settlement of debt	7,000,000	210,000	-	-	-	210,000
Stock based payment	-	-	-	142,883	-	142,883
Warrants exercised	2,300,000	184,000	(24,953)	(44,047)	-	115,000
Balance October 31, 2020	**144,535,833**	**31,781,728**	**1,283,497**	**8,794,942**	**(40,550,181)**	**1,309,986**
Net loss for the year	-	-	-	-	(437,016)	(437,016)
Private placement common shares issued (Note 9)	12,203,334	732,200	-	-	-	732,200
Share issuance costs (Note 9)	-	(35,196)	(13,118)	-	-	(48,314)
Value of warrants issued under private placement (Note 10)	-	(198,809)	198,809	-	-	-
Shares issued for property acquisition (Note 6(b) and (d))	1,500,000	85,000	-	-	-	85,000
Stock based compentation (Note 11)	-	-	-	35,028	-	35,028
Warrants expired			(5,753)	5,753	-	-
Balance January 31, 2021	**158,239,167**	**32,364,923**	**1,463,435**	**8,835,723**	**(40,987,197)**	**1,676,884**

See accompanying notes to the condensed consolidated interim financial statements

SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended January 31, 2021	For the three months ended January 31, 2020
	$	$
Operating activities		
Net loss for the periods	**(437,016)**	(206,722)
Items not involving cash:		
Loss on foreign exchange	**(1,345)**	-
Gain on settlement of debts	**-**	(17,000)
Depreciation - Right-of-use asset (Note 7)	**3,226**	-
Interest on lease liability (Note 7)	**478**	-
Shares issued for settlement of property purchase obligation (Note 6(b) and (d))	**85,000**	-
Stock based compensation	**35,028**	-
	(314,629)	(223,722)
Changes in non-cash working capital		
Increase in prepaid expenses	**6,383**	(62,875)
Increase in HST and other receivables	**(28,270)**	(24,888)
(Decrease) increase in trade payables and accrued liabilities	**77,859**	187,376
Change in non-cash operating working capital	**55,972**	99,613
Net cash flows used in operating activities	**(258,657)**	(124,109)
Financing activities		
Proceeds from issuance of shares (Note 9)	**732,200**	259,500
Share issue costs	**(48,314)**	(7,875)
Repayment of lease liability (Note 7)	**(3,481)**	-
Net cash flows from financing activities	**680,405**	251,625
Increase in cash	**421,748**	127,516
Cash, beginning of periods	**1,273,190**	156,219
Cash, end of periods	**1,694,938**	283,735

Supplemental cash flow information (Note 13)

See accompanying notes to the consolidated consolidated interim financial statements

1. DESCRIPTION OF BUSINESS

Silver Spruce Resources Inc. (the "Company") is a public company domiciled in Canada and was incorporated in Alberta on May 8, 1996 under the name First Labrador Acquisitions Inc. The Company changed its name to Silver Spruce Resources Inc. on October 22, 2004. The Company's operations consist of the exploration for precious and base minerals. The registered office of the Company is Suite 440, 1600 Bedford Highway, Bedford, Nova Scotia, B4A 1E8.

2. BASIS OF PREPARATION AND GOING CONCERN

Statement of compliance

The condensed consolidated interim financial statements of the Company are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee. In preparing the interim financial statements, the same accounting principles and methods of computation have been applied as in the annual financial statements for the year ended October 31, 2020. In the opinion of management, all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods have been made. The condensed interim consolidated financial statements of the Corporation were approved by the Board of Directors on March 26, 2021.

These condensed consolidated interim statements should be read in conjunction with the Company's consolidated annual financial statements for the year ended October 31, 2020.

Basis of presentation

The condensed consolidated interim financial statements of the Company have been prepared in accordance with IFRS on a going concern basis which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company is an exploration stage company and does not have any proven economically recoverable reserves on the Company's interest in mineral properties held for exploration and to date, the Company has not earned revenues from mining activities and does not have a firm timeline until such revenues can be reasonably expected to be realized. The Company's interests in exploration properties are subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company's continued existence is dependent upon the discovery of economically recoverable reserves, the ability of the Company to raise additional financing, or future profitable production. It is not possible to predict whether financing efforts will be successful.

Although the Company has taken steps to verify title to mineral exploration properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers, First Nations claims, non-compliance with regulatory, social and environmental requirements and may be affected by undetected defects.

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

Basis of presentation (continued)

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health development, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

While the condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, several adverse conditions, however, cast significant doubt on the validity of this assumption. The Company has incurred a net loss of $437,016 during the quarter ended January 31, 2021, has an accumulated deficit of $40,987,197 and has no source of revenue. The Company was successful in raising funds during the quarter which resulted in a working capital surplus of $1,686,105 as at January 31, 2021. Although the Company has been successful in raising funds in the past and during the quarter, there is no assurance that it will be able to successfully complete further financings. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed consolidated interim financial statements. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements are prepared in accordance with IFRS and follow the same accounting policies and methods of their application as the most recent audited financial statements for the year ended October 31, 2020. These financial statements should be read in conjunction with those consolidated financial statements.

4. CAPITAL MANAGEMENT

The capital structure of the Company currently consists of share capital, warrant reserve and equity reserve. As at January 31, 2021, managed capital was $1,676,884 (October 31, 2020 - $1,309,986). The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of mineral properties. The Company manages its capital structure in a manner that provides sufficient funding for operational activities.

The properties in which the Company currently has an interest are in the exploration and evaluation 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. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, held with major Canadian financial institutions.

The Company 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 period.

5. FINANCIAL RISK FACTORS

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

a) Credit risk

The Company's credit risk is primarily attributable to cash and other receivables. The Company's cash is held with highly rated financial institutions.

The Company has concluded that credit risk with regards to other receivables is minimal.

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 manages liquidity risk through the management of its capital structure as described in Note 4. The Company has no income from operations or a regular source of cash flow and relies on equity funding to support its exploration and corporate activities. Should the need for equity funding arise, there is a risk that the Company may not be successful in selling new common shares at acceptable prices.

As at January 31, 2021, the Company had a cash balance of $1,694,938 (October 31, 2020 - $1,273,190) to settle current liabilities of $179,269 (October 31, 2020 - $84,201). Of the Company's current financial liabilities, $128,765 (October 31, 2020 - $50,906) have contractual maturities of less than 30 days and are subject to normal trade terms.

5. FINANCIAL RISK FACTORS (continued)

c) Market risk

Interest rate risk

The Company's loan payable is non-interest bearing; therefore, the Company is not subject to interest rate risk. The Company invests any cash surplus to its operational needs in investment-grade short- term deposit certificates issued by highly rated Canadian banks. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company's property acquisition obligation (Note 6) is denominated in United States Dollars ("US$") and is subject to fluctuations in that currency's value relative to the Canadian dollar.

There were no significant changes to credit risk, liquidity risk and market risk during the period.
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d) Fair value

The carrying amounts for cash, amounts receivables, trade payable and accrued liabilities, loans payable, and property acquisition obligation on the statements of financial position approximate fair value due to their short-term maturity.

6. MINERAL EXPLORATION PROPERTIES

a) Pino de Plata, Mexico

On February 29, 2016, the Company signed an amended agreement that supersedes the original purchase agreement and enables the Company to purchase a 100% interest in the Pino de Plata property. The revised financial terms are as follows:

- Total cash payments reduced from US$1,000,000 to US$500,000 over two years (US$125,000 ($168,459) paid);
- One share issuance of 2,500,000 common shares, based on $0.10 per share and issued on June 15, 2016 and valued at $0.07 per common share based on the quoted market value of the common shares on that date. One further payment of $250,000 to be paid in common shares in lieu of cash, at a share price equal to the 20-day average closing price of the Company's shares on the TSXV, subject to exchange approvals;
- A three percent (3%) gross production royalty capped at US$4 million, which can be purchased for US$1,333,333 per percentage point at any time and are reduced by the total amount of advanced royalty payments; and

6. MINERAL EXPLORATION PROPERTIES (continued)

a) Pino de Plata, Mexico (continued)

- The Company is subject to advanced Royalty payments of US$10,000 per month to commence 30 days after the acquisition is finalized, registered and documented with the proper authorities.

As a result of a delay in being able to access the property, an addendum to the purchase agreement was made in November 2016 to suspend the terms of the agreement until access is gained to the property. Access was granted again in June 2018 but has been revoked in June 2019 due to a force majeure. The ongoing interest in the property is subject to satisfactory resolution of the access restriction. In June 2020, the Company engaged a Mexican legal counsel to engage in discussions with landowner representatives.

On November 7, 2020, the Option Agreement with the concession title owner was fully processed by the Registro Publico de Mineria (Public Mining Registry).

As of the current date, negotiations with the landowner representatives continue. The Company has continued with desktop studies and contracted an aerial photographic survey for the project.

The Company's minimum commitment as at January 31, 2021 has been recorded as property acquisition obligation on the statement of financial position in the amount of $31,950 (US$25,000) (October 31, 2020 - $33,295 (US$25,000)).

b) Melchett Lake, Ontario

In September 2019, the Company signed a binding letter of intent with three parties to acquire 100% of the Melchett Lake zinc-gold-silver volcanogenic massive sulphide (VMS) project, an advanced precious and base metal project in the Thunder Bay mining district, Northern Ontario, Canada.

After completing due diligence, the Company entered into a purchase agreement on November 20, 2019 to acquire 100% of the property. As consideration, the Company will pay the vendors $150,000 in cash and 5,000,000 common shares of the Company, spread over three years.

Given the logistical constraints due to the COVID-19 pandemic, the purchase agreement was amended on November 20, 2020 to modify the exploration expenditures for the first two years of the agreement as follows: Minimum work expenditures total $1,000,000, with $50,000 during the first year, $250,000 in the second year and $700,000 prior to the third anniversary. The vendors will retain a 2% net smelter return royalty, of which 1% can be purchased by the Company for $1,000,000 and the remaining 1% at market price.

The Company has met the minimum work expenditures outlined in the contract during the period and is up to date with the amounts payable to the vendors.

6. MINERAL EXPLORATION PROPERTIES (continued)

b) Melchett Lake, Ontario (continued)

In alignment with Aroland First Nation, as indicated in the press release issued March 25, 2021, the Phase 1 winter exploration program was initiated during the current quarter and remains ongoing through the next quarter. The approved program will meet the requisite expenditures for the second year of the Agreement.

c) El Mezquite

On June 9, 2020, the Company signed a binding Option Agreement with Colibri Resource Corp. to acquire 50% interest in its wholly owned Mexican subsidiary Yaque Minerals S.A. de C.V. which holds the El Mezquite Gold project.

As consideration, the Company has paid US$82,500 before September 1, 2020, will pay US$127,500 by September 1, 2021 and will reimburse Colibri Resources Corp, $500,000 for 50% of its debenture due in October 2023.

Minimum work expenditure total US$600,000 over the four-year term of the agreement by September 1, 2024, with no specific annual requirement. During the period of the option, the Company will be responsible for 100% payment of the surface rights agreements when exploration is active, 50% of the property taxes and 50% of the interest due at 2.5% annually on the debenture.

The Company has incurred incremental work expenditures during the period and is up to date with the amounts payable to the vendors.

The Company has carried out Phase 1 exploration mapping and analysis in three separate campaigns over six months in the past two quarters and is ongoing in the first quarter of 2021. On March 2, 2021, the Company filed its Environmental Report with SEMARNAT in order to obtain further exploration and drilling permits.

d) Jackie

On November 17, 2020, the Company signed a Definitive Agreement with Colibri Resource Corp. to acquire 50% interest in the Jackie Gold Project in Sonora, Mexico.

As consideration, on December 14, 2020, the Company issued 500,000 common shares at a price of $0.05 per share to Colibri Resource Corp. and on January 5, 2021 paid US$25,000. The Company will pay another US$25,000 and issue $25,000 in common shares to Colibri Resource Corp. on or before December 14, 2021.

There is a minimum work expenditure total of US$100,000 over two years, with a minimum of US$50,000 within 12 months of the TSX approval. During the period of the Option, the Company will be responsible for 100% payment of the surface rights agreements when exploration is active and 50% of the property taxes.

(Expressed in Canadian dollars - Unaudited)

6. MINERAL EXPLORATION PROPERTIES (continued)

d) Jackie (continued)

The Company has incurred work expenditures during the current quarter and is up to date with the amounts payable to the vendors.

In January 2021, the Company started the Phase 1 exploration program on the Jackie property.

7. LEASE

The right-of-use asset and lease liability recognized by the Company relates to a three-year lease for office space.

Right-of-use asset	Building
	$
Cost	
As at October 31, 2020	-
Impact of adopting IFRS 16	58,073
Depreciation	(3,226)
Balance as at January 31, 2021	**54,847**

Lease Liability	
	$
As at October 31, 2020	-
Impact of adopting IFRS 16	58,073
Lease payments	(3,481)
Interest expense on lease liability	478
Balance as at January 31, 2021	**55,070**
Current	**18,554**
1 to 2 years	**36,516**

8. CANADA EMERGENCY BUSINESS ACCOUNT LOAN ("CEBA loan")

During the year ended October 31, 2020, as part of the Canadian government funded COVID-19 financial assistance programs, the Company received a loan in the amount of $40,000 from the bank. The CEBA loan is due on December 31, 2025. The loan is interest free until December 31, 2022 and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven.

The benefit of the government loan received at below market rate of interest was treated as a government grant. The loan was recognized at fair value using the rate of 4% per annum, totalling $27,552. The difference between the initial carrying amount and proceeds received is the value of the grant of $12,488, which was recognized by the Company in the year ended October 31, 2020.

(Expressed in Canadian dollars - Unaudited)

9. SHARE CAPITAL

The share capital is as follows:

Authorized:
An unlimited number of non-voting preference shares
An unlimited number of common shares, no par value

	January 31, 2021		October 31, 2020	
Issued and outstanding:	**Number of shares**	**Ascribed value**	Number of shares	Ascribed value
		$		$
Balance - Beginning of periods	**144,535,833**	**31,781,728**	91,155,833	30,228,208
Issued during the periods				
Shares issued for cash, net of issuance costs (b) and (c)	**-**	**-**	41,280,000	1,047,273
Shares issued as part of finders fees (b)	**-**	**-**	300,000	15,000
Shares issued as flow-through units for cash (a) and (e)	**12,203,334**	**498,195**	300,000	9,247
Shares issued as part of an option and purchase agreement (Note 6(b) and (d))	**1,500,000**	**85,000**	500,000	20,000
Shares issued for property obligation (d)	**-**	**-**	1,700,000	68,000
Shares issued as debt settlement (d)	**-**	**-**	7,000,000	210,000
Shares issued for warrants exercised	**-**	**-**	2,300,000	184,000
Balance - End of periods	**158,239,167**	**32,364,923**	144,535,833	31,781,728

a) In December 2019, the Company closed a non-brokered flow through private placement to raise gross proceeds of $15,000. The offering consisted of the issuance of 300,000 units ("Unit") of the Company. Each Unit was offered at a price of $0.05 and consisted of one common share and one share purchase warrant, with each whole warrant exercisable at a price of $0.075 per common share if exercised within 12 months of the closing of the offering. Officers and directors of the Company subscribed for 200,000 Units for gross proceeds of $10,000. Of the gross proceeds of $15,000, a total of $5,753 was assigned to the warrants and $9,247 was allocated to share capital. The warrants were estimated using the Black Scholes option pricing model (See Note 10(a)).

9. SHARE CAPITAL (continued)

b) In January 2020, the Company closed a non-brokered private placement to raise gross proceeds of $244,500. The offering consisted of the issuance of 4,890,000 units ("Unit") of the Company. Each Unit was offered at a price of $0.05 and consisted of one common share and one share purchase warrant, with each whole warrant exercisable at a price of $0.075 per common share if exercised within 24 months of the closing of the offering. Officers and directors of the Company subscribed for 390,000 Units for gross proceeds of $19,500. Of the gross proceeds of $244,500, a total of $106,754 was assigned to the warrants and $137,746 was allocated to share capital. The warrants were estimated using the Black Scholes option pricing model. As part of the private placement, the Company also issued 300,000 shares as finders' fees and paid $7,875 in cash. The fair value of the shares on the issuance date was $15,000. Of the finders' fees, $12,888 was assigned to share capital and $9,987 was assigned to the warrants (See Note 10(b)).

c) In August 2020, the Company closed a non-brokered private placement to raise gross proceeds of $1,819,500. The offering consisted of the issuance of 36,390,000 units ("Unit") of the Company. Each Unit was offered at a price of $0.05 and consisted of one common share and one share purchase warrant, with each whole warrant exercisable at a price of $0.10 per common share if exercised within 36 months of the closing of the offering. Officers and directors of the Company subscribed for 1,670,000 Units for gross proceeds of $83,500. Of the gross proceeds of $1,819,500, a total of $817,940 was assigned to the warrants and $1,001,560 was allocated to share capital. The warrants were estimated using the Black Scholes option pricing model. As part of the private placement, the Company also issued 165,000 broker warrant and paid $136,595 in cash. The broker warrants were estimated at $8,085 using the Black Scholes option pricing model. Of the finders' fees, $79,640 was assigned to share capital and $65,040 was assigned to the warrants (See Note 10(c)).

d) During the year ended October 31, 2020, the Company issued 8,700,000 common shares valued at $278,000 to settle outstanding debts and loans of $492,547. The Company recorded a gain on settlement of debts of $214,547.

e) In December 2020, the Company raised gross proceeds of $732,200 with a non-brokered flow through private placement. The offering consisted of the issuance of 12,203,334 units ("Unit") of the Company. Each Unit was offered at a price of $0.06 and consisted of one common share and one-half share purchase warrant, with each whole warrant exercisable at a price of $0.075 per common share if exercised within 24 months of the closing of the offering. Officers and directors of the Company subscribed for 500,000 Units for gross proceeds of $30,000. Of the gross proceeds of $732,200, a total of $198,809 was assigned to the warrants and $533,391 was allocated to share capital. The warrants were estimated using the Black Scholes option pricing model (See Note 10(d)). As part of the private placement, the Company paid finders' fees of $48,314, of which $35,196 was assigned to share capital and $13,118 was assigned to the warrants (See Note 10(d)).

(Expressed in Canadian dollars - Unaudited)

10. WARRANTS

The following is a summary of warrants activity for the periods ended January 31, 2021 and October 31, 2020
:

	January 31, 2021		October 31, 2020	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of periods	**67,792,841**	**0.08**	28,347,841	**0.08**
Granted in connection with private placements	**6,101,667**	**0.08**	41,745,000	**0.10**
Exercised during the periods	**-**	**-**	(2,300,000)	**0.05**
Expired during the periods	**(300,000)**	**0.08**	-	-
Balance, end of periods	**73,594,508**	**0.08**	67,792,841	0.08

a) In connection with the December 31, 2019 private placement disclosed in Note 9(a), the Company issued 300,000 warrants. The grant date fair value of $5,753 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 205%, a risk free interest rate of 1.71%, and an expected life of 1 year.

b) In connection with the January 23, 2020 private placement disclosed in Note 9(b), the Company issued 4,890,000 warrants. The grant date fair value of $106,754 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 194%, a risk free interest rate of 1.71%, and an expected life of 2 years. Finders' fee of $9,987 was also assigned to the warrants.

c) In connection with the August 18, 2020 private placement disclosed in Note 9(c), the Company issued 36,390,000 warrants and 165,000 broker warrants. The grant date fair values of $817,940 and $8,085 assigned to the warrants and broker warrants were estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 167%, a risk free interest rate of 0.30%, and an expected life of 3 years. Finders' fee of $65,040 was also assigned to the warrants.

d) In connection with the December 31, 2021 private placement disclosed in Note 9(e), the Company issued 6,101,667 warrants. The grant date fair value of $198,809 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 172%, a risk free interest rate of 0.20%, and an expected life of 2 years. Finders' fee of $13,118 was also assigned to the warrants.

(Expressed in Canadian dollars - Unaudited)

10. WARRANTS (continued)

Summary of warrants outstanding as at January 31, 2021:

Warrants	Exercise price	Grant date fair value of warrants	Expiry date
#	$	$	
5,225,000	0.075	114,480	August 29, 2021
4,890,000	0.075	96,767	January 23, 2022
15,068,841	0.05	163,483	February 26, 2022
5,754,000	0.06	142,029	May 7, 2023
36,555,000	0.10	760,985	August 18, 2023
6,101,667	0.075	185,691	December 31, 2022
73,594,508		1,463,435	

11. SHARE BASED PAYMENTS

The Board of Directors of the Company has adopted a stock option plan for the Company. Pursuant to the plan, the Board of Directors of the Company may allocate common shares to its directors, officers and certain consultants. The aggregate number of stock options to be granted under the plan should not exceed 20% of the issued and outstanding capital of the Company and the aggregate number of shares reserved for issuance to anyone person shall not exceed 5% of the issued and outstanding common shares. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The vesting period for options is set by the Company at the time the options are granted. The shareholders of the Company are covered by a Shareholder Rights Plan Agreement between the Company and CIBC Mellon Trust Company.

(Expressed in Canadian dollars - Unaudited)

11. SHARE BASED PAYMENTS (continued)

Share based payment activity for the periods ended January 31, 2021 and October 31, 2020 is summarized as follows:

	January 31, 2021		October 31, 2020	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of periods	**7,050,000**	**0.05**	600,000	0.15
Granted during the periods	**-**	**-**	7,050,000	0.05
Expired during the periods	**-**	**-**	(600,000)	0.15
Balance, end of periods	**7,050,000**	**0.05**	7,050,000	0.05

At January 31, 2021, outstanding options to acquire common shares of the Company were as follows:

Exercise price	Number of outstanding options	Weighted average remaining contractual life of outstanding options (years)	Grant date weighted average fair value per option	Number of exercisable options
$			$	
0.05	6,750,000	4.38	0.038	2,250,000
0.05	300,000	4.57	0.063	100,000
	7,050,000			2,250,000

During the period ended January 31, 2021, stock-based compensation expense of $35,028 (2020- $nil) was charged to the income statement and credited to the equity reserve in the statement of financial position.

12. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities as at January 31, 2021 is $32,750 (October 31, 2020 - $5,000) owing to directors and companies controlled by directors or officers of the Company for consulting related services rendered. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

During the three months ended January 31, 2021, key management personnel compensation consisted of services provided by directors or companies owned by directors or officers of $66,475 (2020 - $13,000), which are classified as $43,575 (2019 - $13,000) for consulting fees and $22,900 (2019 - $nil) as exploration and evaluation expenditures on the condense consolidated interim statement of operations.

See also Note 9

(Expressed in Canadian dollars - Unaudited)

13. SUPPLEMENTAL CASH FLOW INFORMATION

	For the three months ended January 31, 2021	For the three months ended January 31, 2020
	$	$
Non-cash investing and financing activities:		
Initial recognition of right-of-use asset and associated lease liability	**58,073**	-
Settlement of debt with issue of shares	**-**	85,000
Shares issued for finders fees	**-**	15,000
Expiry of warrants	**5,753**	-

14. COMMITMENTS AND CONTINGENCIES

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

See Note 6 for other property commitments.

15. SUBSEQUENT EVENTS

i. On February 5, 2021, the Company closed a non-brokered private placement of flow-through units raising gross proceeds of $825,200 (the "Offering"). The Offering consisted of 13,753,333 units offered at $0.06 per unit consisting of one common share in the capital of the Company and one-half share purchase warrant. The private placement closed in two tranches with 12,203,333 units closing December 31, 2020 and 1,550,000 units closing February 5, 2021. Each full warrant entitles the holder to purchase an additional common share of the Company for $0.075 at any time prior to the expiry dates of December 31, 2022 and February 5, 2023, respectively.

ii. On February 2, 2021, the Company received $50,000 as 1,000,000 warrants were exercised at a price of $0.05 each.

iii. On March 22, 2021, the Company repaid 75% of the CEBA loan, and since it was prior to December 31, 2022, the other 25% was forgiven.

iv. On March 23, 2021, the Company granted 250,000 stock options to a consultant with an exercise price of $0.06 and an expiry date of March 23, 2026.