SIGNATURE RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIODS ENDED

JANUARY 31, 2021 AND 2020

Notice of No Auditor Review of Interim Financial Statements

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

The management of Signature Resources Ltd. is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statement have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor. These unaudited condensed consolidated interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.

"Robert Vallis"

Robert Vallis,
Chief Executive Officer

"Jonathan Held"

Jonathan Held,
Chief Financial Officer

March 25, 2021

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian dollars)

	Note	January 31 2021	October 31 2020
		$	$
ASSETS			
CURRENT			
Cash		1,065,055	462,184
Investments	4	1,500,000	-
Amounts receivable		164,976	63,100
Prepaid expenses and deposit		14,230	22,686
Total current assets		2,744,261	547,970
Equipment	5	464,543	283,913
Exploration and evaluation assets	6	6,908,809	6,401,261
Total assets		10,117,613	7,233,144
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	7,9	1,359,172	1,591,182
Deferred premium liability	14	205,619	-
Total current liabilities		1,564,791	1,591,182
Rehabilitation provision	10	273,847	273,847
Total liabilities		1,838,638	1,865,029
SHAREHOLDERS' EQUITY			
Share capital	8	10,272,497	7,730,552
Contributed surplus	8	2,913,608	2,249,444
Deficit		(4,907,130)	(4,611,881)
Total shareholders' equity		8,278,975	5,368,115
Total liabilities and shareholders' equity		10,117,613	7,233,144

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 6, 10 & 12)
SUBSEQUENT EVENTS (Note 16)

“Signed”
Paolo Lostritto, Director

“Signed”
Stephen Timms, Director

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

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTH PERIODS ENDED JANUARY 31,
(Expressed in Canadian dollars)

	Note	2021	2020
		$	$
GENERAL AND ADMINISTRATION			
Salaries and wages	7	125,280	122,609
Office and general		47,385	38,636
Professional fees		24,612	37,840
Share-based payments	7,8	221,166	6,367
Depreciation	5	28,985	20,505
NET LOSS BEFORE OTHER ITEMS		(447,428)	(225,957)
Premium on flow-through shares income	14	74,245	-
Foreign exchange loss		(1,166)	(155)
Interest expense	11	-	(3,413)
Gain on forgiveness of debt	8	79,100	-
NET LOSS AND COMPREHENSIVE LOSS		(295,249)	(229,525)
LOSS PER SHARE, basic and diluted		(0.00)	(0.00)
Weighted average number of common shares, basic and diluted		147,588,957	107,936,648

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

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDED JANUARY 31,
(Expressed in Canadian dollars)

	Note	2021	2020
		$	$
OPERATING ACTIVITIES			
Net loss for the period		(295,249)	(229,525)
Items not affecting cash:			
Depreciation expense	5	28,985	20,505
Share-based payments	8	221,166	6,367
Premium on flow-through shares income	14	(74,245)	-
Interest expense	11	-	3,413
Gain on forgiveness of debt	8	(79,100)	-
		(198,443)	(199,240)
Changes in non-cash working capital items:			
Amounts receivable		(101,876)	11,758
Prepaid expenses and deposit		8,456	13,822
Accounts payable and accrued liabilities		239,045	(24,232)
Cash flows used in operating activities		(52,818)	(197,892)
FINANCING ACTIVITIES			
Shares to be issued related to private placement	8	-	(240,804)
Proceeds from private placement	8	3,000,000	322,104
Share issuance costs	8	(132,148)	(13,577)
Proceeds from warrant exercise	8	5,000	-
Investments	4	(1,500,000)	-
Cash flows from financing activities		1,372,852	67,723
INVESTING ACTIVITIES			
Expenditures on exploration and evaluation assets	6	(506,438)	(50,575)
Expenditures on equipment	5	(210,725)	-
Cash flows used in investing activities		(717,163)	(50,575)
Change in cash during the period		602,871	(180,744)
Cash, beginning of period		462,184	267,639
Cash, end of period		1,065,055	86,895
Non-cash activities:			
Depreciation included in exploration and evaluation assets	5	$ 1,110	$ 1,110
Exercise of options	8	$ 100,000	$ -
Shares for debt	8	$ 291,955	$ -

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

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIODS ENDED JANUARY 31, 2021 AND 2020
(Expressed in Canadian dollars)

	Note	Number of Shares	Number of Shares to be Issued	Share Capital	Shares to be Issued	Contributed Surplus	Deficit	Total
				$	$	$	$	$
Balance, October 31, 2019		101,914,704	4,816,080	6,303,209	240,804	1,484,219	(3,617,720)	4,410,512
Private placement	8	6,442,080	(4,816,080)	322,104	(240,804)	-	-	81,300
Issuance of warrants	8	-	-	(84,564)	-	84,564	-	-
Share issuance costs	8	-	-	(13,577)	-	-	-	(13,577)
Share-based payments	8	-	-	-	-	6,367	-	6,367
Net loss and comprehensive loss for the period	8	-	-	-	-	-	(229,525)	(229,525)
Balance, January 31, 2020		108,356,784	-	6,527,172	-	1,575,150	(3,847,245)	4,255,077
Balance, October 31, 2020		142,700,804	-	7,730,552	-	2,249,444	(4,611,881)	5,368,115
Private placements	8	44,987,345	-	3,000,000	-	-	-	3,000,000
Share issuance costs	8	-	-	(132,148)	-	-	-	(132,148)
Issuance of warrants	8	-	-	(514,422)	-	514,422	-	-
Shares issued for debt	8	5,839,093	-	291,955	-	-	-	291,955
Exercise of stock options	8	1,750,000	-	169,674	-	(69,674)	-	100,000
Exercise of warrants	8	100,000	-	6,750	-	(1,750)	-	5,000
Share-based payments	8	-	-	-	-	221,166	-	221,166
Premium on flow-through shares	14	-	-	(279,864)	-	-	-	(279,864)
Net loss and comprehensive loss for the period		-	-	-	-	-	(295,249)	(295,249)
Balance, January 31, 2021		195,377,242	-	10,272,497	-	2,913,608	(4,907,130)	8,278,975

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Signature Resources Ltd. (the “Company” or “Signature”) was incorporated on May 3, 2010, under the British Columbia Business Corporations Act. The Company’s principal business activities include the acquisition and exploration of mineral properties in Canada. The Company’s common shares are publicly traded on the TSX-Venture Exchange (“TSXV”) under the stock symbol “SGU”, on the OTCQB under the symbol “SGGTF”, and on the FSE under the symbol “3S3”. The Company’s head office address is 200-366 Bay Street, Toronto, ON M5H 4B2.

At January 31, 2021, the Company had not yet determined whether its properties contained ore reserves that are economically recoverable. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry practice 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 non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

As at January 31, 2021, the Company has an accumulated deficit of $4,907,130 (October 31, 2020 - $4,611,881), working capital of $1,179,470 (October 31, 2020 - working capital deficiency of $1,043,212), and is not yet generating positive cash flows from operations. These factors indicate the existence of material uncertainties that cast significant doubt about the Company’s ability to continue its operations as a going concern and to realize its assets as their carrying values are dependent upon obtaining additional financing and for generating revenues sufficient to cover its operating costs.

The Company will need to raise capital in order to fund its operations. To address its financing requirements, the Company will seek financing through debt and equity financings, asset sales, and rights offerings to existing shareholders. The ability of the Company to raise sufficient capital cannot be predicted at this time.

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

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time and continues to monitor the COVID-19 development but since the duration and impact of the COVID-19 pandemic is unknown at this time, it is not possible to reliably estimate the length of the outbreak or the severity of its impact at this time.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The Company’s condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”. Accordingly, these condensed consolidated interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended October 31, 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on March 25, 2021.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Cool Minerals Inc. All intercompany amounts and transactions have been eliminated on consolidation.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3 of the Company’s annual financial statements for the year ended October 31, 2020.

The preparation of these financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge on the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

i. Exploration and evaluation expenditures

The application of the Company’s accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

ii. Income, value added, withholding and other taxes related estimates

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income, value added, withholding and other tax liabilities, such as those arising from the renunciation of flow-throw expenditures, requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. In the case of flow-through, reassessment may result in amounts owing to certain shareholders.

iii. Estimation of restoration, rehabilitation and environmental obligation

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

iv. Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumption about them, the assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

3. SIGNIFICANT ACCOUNTING POLICIES

Standards issued and effective for the period ended January 31, 2021:

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

The Company is currently assessing the impact of these standards.

(Expressed in Canadian Dollars)

4. INVESTMENTS

As of January 31, 2021, the Company has short-term investments of $1,500,000. The Company's short-term investments consist of guaranteed investment certificates (GICs) with a maturity greater than 90 days but less than one year.

5. EQUIPMENT

		Vehicles		Equipment		Total
Cost						
Balance, October 31, 2019	$	9,299	$	422,996	$	437,529
Additions for the year		25,000		-		25,000
Balance, October 31, 2020	$	34,299	$	422,996	$	462,529
Additions for the period		167,824		42,901		210,725
Balance, January 31, 2021	**$**	**202,123**	**$**	**465,897**	**$**	**673,254**
Accumulated Depreciation						
Balance, October 31, 2019	$	5,890	$	80,616	$	91,740
Depreciation for the year		2,276		84,600		86,876
Balance, October 31, 2020	$	8,166	$	165,216	$	178,616
Depreciation for the period		7,566		22,529		30,095
Balance, January 31, 2021	$	15,732	$	187,745	$	208,711
Net Book Value						
Balance, January 31, 2021	**$**	**186,391**	**$**	**278,152**	**$**	**464,543**
Balance, October 31, 2020	$	26,133	$	257,780	$	283,913

The depreciation for the three months ended January 31, 2021 of $30,095 (2020 - $21,615) includes $1,110 (2020 - $1,110) included in exploration and evaluation assets (Note 6).

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The Company holds a 100% interest in the Lingman Lake property for the main purpose of gold exploration. A 3% net smelter return ("NSR") is attached to each of three (3) different claim blocks. The Company can purchase one-half (1/2) of the NSR of each claim block for $1.5 million, collectively totaling $4,500,000 for all three.

	Lingman Lake
	$
Balance, October 31, 2019	**5,838,911**
Staking	6,000
Consulting expenses	202,725
Geophysical consulting	37,847
Contract labour	50,178
Logistics	117,907
Travel and lodging	30,351
Equipment rentals	2,268
Depreciation (Note 5)	4,439
Airborne survey	37,044
Field supplies	73,591
Balance, October 31, 2020	**6,401,261**
Consulting expenses	114,146
Geophysical consulting	41,383
Contract labour	62,925
Logistics	65,378
Travel and lodging	83,580
Equipment rentals	2,278
Depreciation (Note 5)	1,110
Field supplies	136,748
Balance, January 31, 2021	**6,908,809**

7. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at their fair values, which is the amount of consideration established and approved by the related parties. As at January 31, 2021, the Company owes $25,312 (October 31, 2020 - $322,459) to executives of the Company for unpaid salaries and wages. Other amounts owing to related parties total to $27,783 (October 31, 2020 - $40,738) as at January 31, 2021. These amounts are included in accounts payable and accrued liabilities (Note 9).

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding – see condensed consolidated interim statements of changes in equity.

On November 6, 2019, the Company closed a non-brokered private placement for gross proceeds of $322,104 by issuing 6,442,080 non-flow through units at the price of $0.05 per unit. Cash proceeds of $240,804, related to the private placement were received prior to October 31, 2019 and were included in shares to be issued as at October 31, 2019 (Note 8(c)). Each non-flow-through unit consists of one common share of the Company and one warrant. Each warrant is exercisable for a period of two years at a price of $0.10 per share from the date of issuance. The Company issued a total of 6,442,080 warrants with an estimated value of $84,564 in connection with this private placement. With respect to the warrants, if the Company's closing share price is equal to or greater than $0.20 for ten consecutive days, the Company may reduce the remaining life to 30 days by issuing a press release. Total issuance costs of $13,577 were incurred in connection with this private placement.

On June 15, 2020, the Company closed a non-brokered private placement for gross proceeds of $192,300 by issuing 3,846,000 non-flow through units at a price of $0.05 per unit. Each non-flow through unit consists of one common share of the Company and one warrant. Each whole warrant is exercisable for a period of two years at a price of $0.10 per share from the date of issuance. The Company issued a total of 3,846,000 warrants with an estimated value of $50,381 in connection with this private placement. The Company also issued finder's warrants to purchase 286,000 common shares, exercisable for a period of two years at a price of $0.05 per share with an estimated value of $5,834. With respect to the warrants and finders' warrants, if the Company's closing share price is equal to or greater than $0.20 for ten consecutive days, the Company may reduce the remaining life to 30 days by issuing a press release. Total issuance costs of $15,730 were incurred in connection with this private placement.

On August 25, 2020, the Company closed the first tranche of its non-brokered private placement. In the first tranche, the Company raised aggregate gross proceeds of $1,170,034 by issuing 22,560,686 hard dollar units at a price of $0.05 per unit and 700,000 flow-through units at a price of $0.06 per unit. Each hard dollar unit issued consists of one common share of the Company and one common share purchase warrant. Each flow-through unit consists of one common share of the Company issued on a flow-through basis and one half of one warrant. The Company issued a total of 22,910,686 warrants with an estimated value of $241,440 in connection with this private placement. Each whole warrant will entitle the holder thereof to acquire an additional common share of the Company at an exercise price of $0.10 for a period of 2 years from the date of issuance. With respect to the warrants, if the Company's closing share price is equal to or greater than $0.20 for ten consecutive days, the Company may reduce the remaining life to 30 days by issuing a press release. A director of the Company subscribed for 400,000 hard dollar units for proceeds of $20,000 (Note 7).

The Company issued total 1,018,800 finder's warrants with a total estimated value of $17,759 in connection with the first tranche. 948,800 finders' warrants with an estimated value of $16,651 were issued pursuant to the sale of hard dollar units exercisable to acquire one common share at a price of $0.05 and 70,000 finders' warrants with an estimated value of $1,108 were issued pursuant to the sale of flow through units exercisable to acquire one common share at a price of $0.06 for a period of 24 months following closing of the tranche.

The total premium on the flow-through shares was $7,000 (Note 14).

8. SHARE CAPITAL (continued)

b) Issued and outstanding – see condensed consolidated interim statements of changes in equity. (continued)

On September 14, 2020, the Company closed the second and final tranche of its non-brokered private placement (see first tranche above). In the second tranche, the Company raised additional gross proceeds of $375,000 by issuing 5,924,000 hard dollar units at a price of $0.05 per unit and 1,313,334 flow-through units at a price of $0.06 per unit. Total proceeds from both tranches were $1,545,034. Each hard dollar unit issued consists of one common share of the Company and one common share purchase warrant. Each flow-through unit consists of one common share of the Company issued on a flow-through basis and one half of one warrant. The Company issued a total of 6,580,667 warrants with an estimated value of $65,996 in connection with this private placement. Each whole warrant will entitle the holder thereof to acquire an additional common share of the Company at an exercise price of $0.10 for a period of 2 years from the date of issuance. With respect to the warrants, if the Company's closing share price is equal to or greater than $0.20 for ten consecutive days, the Company may reduce the remaining life to 30 days by issuing a press release.

The Company issued total 360,400 finder's warrants with a total estimated value of $6,329 in connection with the second tranche. 312,400 finders' warrants valued at $5,556 were issued pursuant to the sale of hard dollar units exercisable to acquire one common share at a price of $0.05 and 48,000 finders' warrants valued at $773 were issued pursuant to the sale of flow through units exercisable to acquire one common share at a price of $0.06 for a period of 24 months following closing of the tranche.

The total premium on the flow-through shares was $31,694 (Note 14).

Total issuance costs of $98,790 were incurred in connection with the first and second tranches of the private placement.

On November 26, 2020, the Company entered into debt settlement agreements and completed shares for debt transactions with certain creditors of the Company, including certain directors and officers. Pursuant to these agreements, the Company issued 5,839,093 common shares at a deemed price of $0.05 per common share to settle $291,955 of outstanding debt. Upon completion of the shares for debt transactions, an additional $79,100 of debt was forgiven.

In November 2020, 1,000,000 options with an exercise price of $0.055 and 750,000 options with an exercise price of $0.060 were exercised on a cashless basis for a total of $100,000. Total amount of $69,674 was transferred from contributed surplus to share capital.

On December 4, 2020, the Company closed its non-brokered private placement previously announced on November 9, 2020 and November 24, 2020. The Company raised gross proceeds of $2,000,000 by issuing 22,847,201 hard dollar units at a price of $0.05 per unit and 14,293,999 flow-through units at a price of $0.06 per unit.

Each hard dollar unit issued consists of one common share of the Company and one common share purchase warrant. Each flow-through unit consists of one common share of the Company issued on a flow-through basis and one half of one warrant. The Company issued a total of 29,994,199 warrants with a value of $338,506 in connection with this private placement. Each whole warrant will entitle the holder thereof to acquire an additional common share of the Company at an exercise price of $0.10 until December 4, 2021.

8. SHARE CAPITAL (continued)

b) Issued and outstanding – see condensed consolidated interim statements of changes in equity. (continued)

The Company issued a total of 832,557 finder's warrants with a total value of $14,581 in connection with the private placement. 700,000 finders' warrants valued at $11,983 were issued pursuant to the sale of hard dollar units exercisable to acquire one common share at a price of $0.05 and 132,557 finders' warrants valued at $2,598 were issued pursuant to the sale of flow-through units exercisable to acquire one common share at a price of $0.06 for a period of 12 months following closing of the tranche.

The total premium on the flow-through shares was $142,940 (Note 14).

Total issuance costs of $63,203 were incurred in connection with the private placement.

On December 17, 2020, the Company closed its non-brokered private placement. The Company raised gross proceeds of $1,000,000 by issuing 999,945 hard dollar units at a price of $0.11 per unit and 6,846,200 flow-through units at a price of $0.13 per unit.

Each hard dollar unit issued consists of one common share of the Company and one common share purchase warrant. Each flow-through unit consists of one common share of the Company issued on a flow-through basis and one half of one warrant. The Company issued a total of 4,423,045 warrants with a value of $152,058 in connection with this private placement. Each whole warrant will entitle the holder thereof to acquire an additional common share of the Company at an exercise price of $0.20 until April 17, 2022.

The Company also issued finder's warrants to purchase 205,386 common shares, exercisable until April 17, 2022 at a price of $0.13 per share and valued at $9,277.

The total premium on the flow-through shares was $136,924 (Note 14).

Total issuance costs of $68,945 were incurred in connection with the private placement.

In January 2021, 100,000 warrants were exercised at a price of $0.05 per unit for gross proceeds of $5,000. Total amount of $1,750 was transferred from contributed surplus to share capital.

c) Shares to be issued

Cash proceeds of $240,804, related to the first tranche of a private placement closed in November 2019, was received prior to October 31, 2019 (Note 8(b)). During the year ended October 31, 2020, the total value of $240,804 in shares to be issued was transferred to share capital.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

d) Stock option plan

Under the Company's stock option plan (the "Plan"), the Company's Board of Directors is authorized to grant stock options to directors, senior officers, employees, consultants, consultant company or management company employees of the Company and its subsidiaries not to exceed 10% of the issued and outstanding common shares of the Company from time to time. Stock options granted under the Plan are exercisable over a period not exceeding 10 years from the date granted. Exercise prices may not be less than the market price of the common shares at the time of the grant. An option shall vest in the manner imposed by the Board of Directors as a condition at the grant date.

	Number of Options		Weighted Average Exercise Price
Balance at October 31, 2019	6,325,000	$	0.078
Granted	4,100,000		0.090
Forfeited	(500,000)		0.120
Expired	(250,000)		0.050
Balance at October 31, 2020	9,675,000	$	0.082
Granted	8,975,000		0.088
Exercised	(1,750,000)		0.057
Balance at January 31, 2021	**16,900,000**	**$**	**0.087**

Grant Date	Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
July 19, 2016	0.055	0.46	125,000	125,000
March 1, 2018	0.080	2.08	1,750,000	1,750,000
March 20, 2018	0.080	2.13	1,150,000	1,150,000
October 17, 2018	0.120	2.71	50,000	50,000
October 29, 2018	0.120	2.74	500,000	500,000
June 17, 2019	0.075	3.38	250,000	250,000
November 7, 2019	0.050	3.77	100,000	100,000
April 1, 2020	0.050	2.16	500,000	125,000
July 14, 2020	0.050	4.45	250,000	250,000
August 17, 2020	0.100	4.55	3,250,000	3,250,000
November 8, 2020	0.065	4.77	3,000,000	750,000
November 1, 2020	0.070	4.78	3,000,000	750,000
December 23, 2020	0.130	4.90	2,500,000	625,000
December 23, 2020	0.130	0.89	75,000	75,000
January 19, 2021	0.110	4.97	200,000	50,000
January 27, 2021	0.125	4.99	200,000	50,000
	0.087	4.07	16,900,000	9,850,000

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(d) Stock option plan (continued)

On November 7, 2019, the Company issued 100,000 options to a consultant. The options have an exercise price of $0.05 and expire on November 7, 2024. The options vest immediately upon issuance.

On April 1, 2020, the Company issued 500,000 options to a consultant. The options have an exercise price of $0.05 and expire on April 1, 2023. The options vest quarterly over a period of twelve months with one quarter vesting three months from the date of issuance and each additional one quarter of the options vesting quarterly thereafter.

On July 14, 2020, the Company issued 250,000 options to a director. The options have an exercise price of $0.05 and expire on July 14, 2025. The options vest immediately upon issuance.

On August 17, 2020, the Company issued 3,250,000 options to directors, officers and consultants. The options have an exercise price of $0.10 and expire five years from the date of issuance and vest immediately upon issuance.

On November 8, 2020, the Company granted 3,000,000 incentive stock options to a director. The options have an exercise price of $0.065, expire five years from the date of issuance, and vest 25% immediately, and 12.5% every six months thereafter through to the third anniversary.

On November 11, 2020, the Company granted 3,000,000 incentive stock options to a director and officer. The options have an exercise price of $0.07, expire five years from the date of issuance, and vest 25% immediately, and 12.5% every six months thereafter through to the third anniversary.

On December 23, 2020, 2,575,000 options were granted to directors, officers and consultants of the Company. 2,500,000 options have an exercise price of $0.13, expire five years from the date of issuance, and vest 25% immediately, and 12.5% ever six months thereafter through to the third anniversary. The remaining 75,000 stock options have an exercise price of $0.13, expire one year from the date of issuance and vest immediately upon issuance.

On January 19, 2021, 200,000 options were granted to an advisor. The options have an exercise price of $0.11, expire five years from the date of issuance, and vest 25% immediately, and 12.5% every six months thereafter through to the third anniversary.

On January 27, 2021, 200,000 options were granted to an advisor. The options have an exercise price of $0.125, expire five years from the date of issuance, and vest 25% immediately, and 12.5% every six months thereafter through to the third anniversary.

The fair value of the Company's stock options issued was estimated using the Black-Scholes option pricing model using the following assumptions for the periods ended January 31:

	2021	**2020**
Expected volatility (based on historical share prices)	110%-137%	134%
Risk-free interest rate	0.22%-0.47%	1.59%
Expected life (years)	1-5	5
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Underlying share price	$0.07-$0.12	$0.05

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(d) Stock option plan (continued)

The compensation expense and charge to contributed surplus relating to the vesting of stock options for the three months ended January 31, 2021 was $221,166 (2020 - $6,367). The average fair value of each option granted during the three months ended January 31, 2021 was approximately $0.05-$0.10 (2020 - $0.04).

(e) Warrants

	Number of Warrants		Weighted Average Exercise Price
Balance at October 31, 2019	17,816,199	$	0.233
Granted	41,444,633		0.169
Expired	(15,995,464)		0.209
Balance at October 31, 2020	43,265,368	$	0.100
Granted	35,455,187		0.197
Exercised	(100,000)		0.050
Balance at January 31, 2021	**78,620,555**	**$**	**0.105**

Grant Date	Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
April 18, 2019	0.150	0.21	1,820,735
November 7, 2019	0.100	0.77	6,442,080
June 15, 2020	0.100	1.37	3,846,000
June 15, 2020	0.050	1.37	286,000
August 25, 2020	0.100	1.56	22,910,686
August 25, 2020	0.050	1.56	848,800
August 25, 2020	0.060	1.56	70,000
September 11, 2020	0.100	1.61	6,580,667
September 11, 2020	0.050	1.61	312,400
September 11, 2020	0.060	1.61	48,000
December 4, 2020	0.100	0.84	29,994,199
December 4, 2020	0.050	0.84	700,000
December 4, 2020	0.060	0.84	132,557
December 17, 2020	0.200	1.21	4,423,045
December 17, 2020	0.130	1.21	205,386
	0.105	1.16	78,620,555

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(e) Warrants

The fair value of the Company's warrants issued was estimated using the Black-Scholes option pricing model using the following assumptions for the periods ended January 31:

	2021	**2020**
Expected volatility (based on historical share prices)	132%	99%
Risk-free interest rate	0.24%-0.27%	1.65%
Expected life (years)	1-1.33	2
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Underlying share price	$0.13-$0.15	0.05

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at January 31, 2021	**As at October 31, 2020**
Accounts payable	$ 434,847	$ 546,828
Accrued liabilities - MNDM(1)	884,325	884,325
Other accrued liabilities	40,000	160,029
	$ 1,359,172	$ 1,591,182

(1) Prior to the acquisition of Cool Minerals and the Lingman Lake Property, the Ministry of Energy, Northern Development and Mines ("ENDM") had requested the removal of certain above ground storage tanks containing approximately 800,000 litres of fuel that was considered a mine hazard. Due to the failure of the prior owners to comply with ENDM's request for it to be cleaned up, ENDM took action and managed the disposition of the fuel at a cost of $884,325.

10. REHABILITATION PROVISION

The rehabilitation provision represents the legal and contractual obligations associated with the eventual closure of the Company's mining operations either progressively or at the end of the mine life. These obligations consist of costs associated with reclamation and monitoring activities and the removal of tangible assets from the Company's mining sites. Although the Company has had limited exploration, historical work done by other companies has resulted in the ENDM issuing an order to the Company requiring the filing of a closure plan. The Company has not yet prepared a formal closure plan, but has cost estimates for certain tasks which will be required to be completed as part of the request from ENDM and has hence recorded a rehabilitation provision based on these preliminary estimates.

At January 31, 2021, the total amount of the Company's rehabilitation provision was estimated, at initial recognition, to be $230,000 and is expected to be incurred in 2 years. The present value of the rehabilitation provision at January 31, 2021 has been estimated at $273,847 (October 31, 2020 - $273,847). Additional costs that cannot be estimated may be required. A summary of the Company's rehabilitation provision is presented below:

(Expressed in Canadian Dollars)

10. REHABILITATION PROVISION (continued)

		As at January 31, 2021		As at October 31, 2020
Balance at beginning of period	$	273,847	$	273,847
Accretion expense		-		-
Balance at end of period	$	273,847	$	273,847

11. PROMISSORY NOTE

On June 3, 2019, the Company issued a promissory note for a principal amount of $164,000, which matured on September 1, 2019. The Company signed an extension through September 30, 2020. The note bears a fixed interest rate of 8% per annum on the unpaid portion of the principal amount until fully repaid, accruing on a monthly basis and payable on the maturity date. During the year ended October 31, 2020, the Company repaid the full principal amount including interest of $182,315. Total accrued interest for the three months ended January 31, 2021 is $Nil (2020 - $3,413).

12. COMMITMENTS AND CONTINGENCIES

As at January 31, 2021, the Company has recorded a rehabilitation provision for its environmental liabilities (Note 10).

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 has made, and expects to make in the future, expenditures to comply with such laws and regulations.

As at January 31, 2021, the Company is required to incur the remaining $1,302,174 of eligible expenditures in respect of its December 4, 2020 and December 17, 2020 flow-through financings by December 31, 2021 (Note 14).

13. MANAGEMENT OF CAPITAL

The Company considers its capital structure to include the components of shareholders’ equity. Management’s objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company’s properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's capital management objectives, policies and processes have remained unchanged during the periods ended January 31, 2021 and 2020. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

(Expressed in Canadian Dollars)

14. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is subsequently reduced and recorded in the condensed consolidated interim statement of loss on a pro-rata basis based on the corresponding eligible expenditures that have been incurred. Total premium liability of $279,864 was recognized in respect of the December 4, 2020 and December 17, 2020 flow-through financings (Note 8).

During the three months ended January 31, 2021, $74,245 (2020 - $Nil) of the deferred premium liability was recognized as income in the interim condensed consolidated statements of loss and comprehensive loss.

As at January 31, 2021, the total premium liability remaining was $205,619 (October 31, 2020 - $Nil) and total remaining commitment was $1,302,174 (October 31, 2020 - $Nil) (Note 12).

15. FINANCIAL INSTRUMENTS

Categories and fair value of financial instruments

The Company's financial instruments consist of cash, investments, amounts receivable, and accounts payable and accrued liabilities. The carrying values of the Company's short-term financial assets and liabilities approximate their fair values due to their short periods to maturity.

The following table summarizes the categories and fair values of the Company's financial instruments:

As at January 31, 2021

	Carrying Value			Fair Value
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**
Financial Assets and Liabilities			**$**	**$**
Cash	-	-	**1,065,055**	**1,065,055**
Investments			**1,500,000**	**1,500,000**
Amounts receivable	-	-	**164,976**	**164,976**
Accounts payable and accrued liabilities	-	-	**(1,359,172)**	**(1,359,172)**

As at October 31, 2020

	Carrying Value			Fair Value
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**
Financial Assets and Liabilities			**$**	**$**
Cash	-	-	462,184	462,184
Amounts receivable	-	-	63,100	63,100
Accounts payable and accrued liabilities	-	-	(1,591,182)	(1,591,182)

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution.

15. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper or similar instruments. The contractual maturities of financial liabilities are as follows:

	Carrying amount	Contractual cash flows	Within 1 year
Accounts payable and accrued liabilities	$ 1,359,172	$ 1,359,172	$ 1,359,172

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as most of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk as the interest on the promissory note is a fixed rate.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

16. SUBSEQUENT EVENTS

On March 18, 2021, the Company close a non-brokered charity flow-through private placement issuing 9,090,909 common shares at a price of $0.156 per common share for gross proceeds of $1,418,182.