BLACKROCK GOLD CORP.

Consolidated Financial Statements

For the Years Ended October 31, 2020 and 2019

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blackrock Gold Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Blackrock Gold Corp., which comprise the consolidated statements of financial position as at October 31, 2020 and 2019 and the consolidated statements of loss and comprehensive loss, changes in equity and 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 financial position of Blackrock Gold Corp. as at October 31, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Blackrock Gold Corp. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Blackrock Gold Corp.'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 Blackrock Gold Corp. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Blackrock Gold Corp.'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 Blackrock Gold Corp.'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 Blackrock Gold Corp.'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 Blackrock Gold Corp. 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 charges with governance with a statement that we have compiled 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 Keith Macdonald.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
March 1, 2021

BLACKROCK GOLD CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		October 31, 2020		October 31, 2019
Assets				(Note 4)
Current assets				
Cash	**$**	**6,589,531**	$	878,066
Amounts receivable		**53,502**		20,384
Prepaid expenses and deposits (Note 5)		**113,180**		190,034
		6,756,213		1,088,484
Non-current assets				
Guaranteed investment certificate (Note 13)		**33,000**		33,000
Fixed assets		**-**		4,905
Exploration and evaluation assets (Note 6)		**1,678,438**		920,721
	$	**8,467,651**	$	2,047,110
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**1,238,190**	$	344,865
Loans payable (Notes 7, 9)		**-**		131,436
Due to related parties (Note 9)		**235,224**		99,439
Share compensation liability (Note 8)		**21,408**		-
		1,494,822		575,740
Long-term liabilities				
Share compensation liability (Note 8)		**17,841**		-
		1,512,663		575,740
Shareholders' Equity				
Share capital (Note 8)		**19,704,677**		6,757,887
Reserves (Note 8)		**5,345,673**		1,085,554
Deposit for share issuance		**-**		50,000
Accumulated other comprehensive income		**28,289**		-
Deficit		**(18,123,651)**		(6,422,071)
		6,954,988		1,471,370
	$	**8,467,651**	$	2,047,110

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 13)
Subsequent Events (Note 14)

Approved by the Directors:

"David Laing"
David Laing, Director

"Tony Wood"
Tony Wood, Director

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

BLACKROCK GOLD CORP.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended October 31, 2020	2019
		(Note 4)
Exploration expenditures (Note 6)		
Drilling	**$ 4,927,746**	$ 558,381
Geology and consulting	**429,693**	94,990
Geophysics	**192,720**	-
Legal fees	**29,285**	-
	(5,579,444)	(653,371)
Operating expenses		
Accounting and audit	**40,472**	16,647
Bank charges and interest	**7,239**	3,916
Consulting fees (Note 9)	**332,685**	202,743
Depreciation	**4,912**	-
Insurance	**52,159**	9,448
Legal fees	**175,811**	134,654
Management fees (Note 9)	**682,380**	316,878
Marketing and communications	**750,041**	184,764
Office expense	**64,065**	31,684
Regulatory and filing fees	**100,469**	37,613
Rent	**12,435**	9,102
Share-based payments (Notes 8, 9)	**3,627,178**	566,979
Travel	**84,178**	54,598
Wages (Note 9)	**132,124**	99,367
	(6,066,148)	(1,668,393)
Other income (expense)		
Foreign exchange loss	**(82,307)**	(15,482)
Interest expense (Notes 7, 9)	**(8,743)**	(9,849)
Change in fair value of share compensation liability (Note 8)	**35,062**	-
	(55,988)	(25,331)
Net Loss for the year	**(11,701,580)**	(2,347,095)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation adjustment	**28,289**	-
Total Comprehensive Loss for the year	**$ (11,673,291)**	$ (2,347,095)
Basic and Diluted Loss per share	**$ (0.15)**	$ (0.05)
Weighted average number of shares outstanding		
Basic and Diluted	**80,468,381**	47,007,057

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

BLACKROCK GOLD CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

		Year Ended October 31,		
		2020		2019
Cash provided by (used for):				(Note 4)
Operating activities				
Net loss for the year	**$**	**(11,701,580)**	$	(2,347,095)
Adjustment for items not involving cash:				
Depreciation		**4,912**		-
Foreign exchange		**35,093**		-
Interest accrued on loans payable		**-**		10,567
Share-based payments		**3,627,178**		566,979
Change in fair value of share compensation liability		**(35,062)**		-
		(8,069,459)		(1,769,549)
Changes in non-cash operating capital:				
Amounts receivable		**(33,118)**		14,061
Prepaid expenses and deposits		**76,854**		(51,608)
Accounts payable and accrued liabilities		**898,280**		315,513
Due to related parties		**136,729**		54,175
		(6,990,714)		(1,437,408)
Investing activities				
Fixed asset purchase		**-**		(4,905)
Exploration and evaluation assets		**(788,941)**		(238,543)
		(788,941)		(243,448)
Financing activities				
Issuance of common shares, net of share issue costs		**13,604,043**		2,288,705
Repayment of loans payable		**(131,385)**		(22,672)
Proceeds from loans payable		**-**		32,860
Deposit for share option exercise		**-**		50,000
		13,472,658		2,348,893
Increase in cash		**5,693,003**		668,037
Effect of exchange rate changes on cash		**18,462**		-
Cash, beginning of the year		**878,066**		210,029
Cash, end of the year	**$**	**6,589,531**	$	878,066
Supplementary disclosure:				
Shares issued for exploration and evaluation assets	**$**	**-**	$	20,280
Shares issued for wage compensation	**$**	**14,000**	$	-

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

BLACKROCK GOLD CORP.

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Deposit for share issuance	Reserves	Accumulated other comprehensive income	Deficit	Total equity
						(Note 4)	
Balance at October 31, 2018	42,992,518	$ 4,401,972	$ -	$ 565,505	$ -	$ (4,025,403)	$ 942,074
Impact of change in accounting policy (Note 4)	-	-	-	-	-	(49,573)	(49,573)
Restated balance at October 31, 2018	42,992,518	4,401,972	-	565,505	-	(4,074,976)	892,501
Private placements	12,380,125	1,620,820	-	-	-	-	1,620,820
Share issue costs	-	(11,115)	-	-	-	-	(11,115)
Shares for property payment	150,000	16,500	-	3,780	-	-	20,280
Warrants exercised	4,527,500	623,500	-	-	-	-	623,500
Share options exercised	650,000	106,210	-	(50,710)	-	-	55,500
Deposit for share option exercise	-	-	50,000	-	-	-	50,000
Share-based payments	-	-	-	566,979	-	-	566,979
Net loss for the year (Note 4)	-	-	-	-	-	(2,347,095)	(2,347,095)
Balance at October 31, 2019	60,700,143	6,757,887	50,000	1,085,554	-	(6,422,071)	1,471,370
Private placements	39,284,469	13,273,561	-	-	-	-	13,273,561
Share issue costs	-	(1,667,014)	-	940,652	-	-	(726,362)
Shares for wages	200,000	14,000	-	-	-	-	14,000
Warrants exercised	3,929,937	899,679	-	(13,585)	-	-	886,094
Share options exercised	2,605,000	426,564	(50,000)	(205,814)	-	-	170,750
Share-based payments	-	-	-	3,538,866	-	-	3,538,866
Foreign currency translation adjustment	-	-	-	-	28,289	-	28,289
Net loss for the year	-	-	-	-	-	(11,701,580)	(11,701,580)
Balance at October 31, 2020	106,719,549	$ 19,704,677	$ -	$ 5,345,673	$ 28,289	$ (18,123,651)	$ 6,954,988

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

1) NATURE OF OPERATIONS AND GOING CONCERN

Blackrock Gold Corp. (“our”, “Blackrock” or the “Company”) was incorporated on April 16, 1999 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition, exploration and development of mineral properties located in Canada and the United States. Effective July 27, 2016, the Company changed its name from Almo Capital Corp. to Blackrock Gold Corp. The Company’s shares began trading on the TSX Venture Exchange (“TSX-V”) under the symbol “BRC.V” on July 27, 2016 and also trade on the OTCQB under the symbol “BKRRF”.

The head office, registered address, principal address and records office of the Company are located at 2300 – 1177 West Hastings Street, Vancouver, British Columbia, Canada V6E 2K3.

These consolidated financial statements (the “financial statements”) have been prepared assuming the Company will continue on a going concern basis, or that it will continue to realize its assets and meet its obligations in the normal course of business. The Company has incurred losses since inception and has an accumulated operating deficit of $18,123,651 at October 31, 2020 (2019 - $6,422,071). For the year ended October 31, 2020, the Company had a net loss of $11,701,580 (2019 - $2,347,095), cash flows used in operating activities of $6,990,714 (2019 - $1,437,408) and working capital of $5,261,391 (2019 - $512,744). The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate equity and/or debt financing to fund its exploration and administrative expenses. To date, the Company has not earned operating revenue.

The Company is uncertain that it can raise capital to meet its obligations, fund operations, or advance its mineral projects, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the consolidated statement of financial position. Failure to maintain the support of creditors and raise capital will cause the Company to curtail operations and the Company’s ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time. These financial statements contain no adjustments that would likely become necessary should the Company become unable to continue as a going concern.

Management plans to continue to pursue equity and debt financing to support operations. These plans may be adversely impacted by factors including uncertain market conditions and commodity prices. There can be no assurance that management’s plan will be successful.

The recovery of the amounts comprising exploration and evaluation assets are dependent upon the ability of the Company to obtain necessary financing to successfully complete the development of those reserves and upon future profitable production or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis.

<u>COVID-19</u>
In response to the global outbreak of COVID-19, on March 17, 2020, the governor of Nevada ordered the closure of all non-essential businesses in the state of Nevada to help prevent the spread of the virus. On April 1, 2020, the governor of Nevada issued a “stay at home” order, which was updated on April 8, 2020. The order restricted non-essential activities, travel and business operations, subject to certain exceptions for necessary activities through April 30, 2020, which was subsequently extended to May 15, 2020. On April 30, 2020, the governor of Nevada announced Nevada’s “Roadmap to Recovery Plan”, which outlined certain criteria and milestones that had to be met in order to safely restart Nevada’s economy. Phase 1 and Phase 2 of the Nevada reopening plan commenced on May 9, 2020 and May 29, 2020, respectively, allowing certain non-essential businesses to voluntarily reopen under strict restrictions.

1) NATURE OF OPERATIONS AND GOING CONCERN – Continued

COVID 19 – Continued

The Company's development activities, including exploration drilling, are considered an "essential business" in Nevada and are permitted to continue, so long as these activities are conducted in a safe manner, in groups of ten or less, and social distancing measures are maintained.

2) BASIS OF PRESENTATION

These financial statements were authorized for issue on March 1, 2021 by the directors of the Company.

a) Statement of compliance to International Financial Reporting Standards
These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee. These financial statements comply with International Accounting Standard ("IAS") 1 *Presentation of Financial Statements*.

b) Basis of preparation
These financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale or fair value through profit or loss ("FVTPL") that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on October 31, 2020, the Company's annual reporting date.

Certain amounts in the prior period have been reclassified to conform to the current period presentation.

c) Basis of consolidation
The financial statements of the Company include the following subsidiary:

Name of subsidiary	Place of incorporation	Percentage ownership
Blackrock Gold Corp.	*USA*	100%

Blackrock Gold Corp. ("Blackrock US") was incorporated on May 9, 2018. The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies.

All intercompany transactions and balances are eliminated on consolidation.

2) BASIS OF PRESENTATION – Continued

d) Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Other accounting estimates and judgments include functional currency determination, recoverability of exploration and evaluation costs, impairment of exploration and evaluation assets, valuation of share-based payments and income tax assets.

e) Foreign currencies

The Company assesses functional currency on an entity-by-entity basis based on the related fact pattern; however, the presentation currency used in these financial statements is determined at management's discretion.

The currency of the parent company, and the presentation currency applicable to these financial statements, is the Canadian dollar. The functional currency of the Company's wholly owned subsidiary is the United States ("US") dollar for the year ended October 31, 2020, a change from the year ended October 31, 2019, in which the functional currency was considered the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each consolidated statement of financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized as a foreign currency translation adjustment in other comprehensive income and accumulated in equity.

2) BASIS OF PRESENTATION – Continued

f) New accounting standard and interpretation

The new IFRS pronouncement listed below became effective on November 1, 2019 and was adopted by the Company during the current year:

(i) Leases

The IASB issued IFRS 16 *Leases*, which eliminates the classification of leases as either operating or finance leases for a lessee. Under IFRS 16, all leases will be recorded on the statement of financial position. The only exemptions to this will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases on the statement of financial position under IFRS 16 will increase "right-of-use" assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for right-of-use assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about right-of-use assets and expenses and cash flows related to leases, (b) a maturity analysis of lease liabilities, and (c) any additional company-specific information that is relevant to satisfying the disclosure objective.

The Company had one lease related to rental of its mobile office unit that was considered a lease for a low-value asset, and therefore, exempt from being recorded on the consolidated statement of financial position.

g) Future accounting standards and interpretations

New IFRS pronouncements that have been issued but are not yet effective at the date of these financial statements are listed below. The Company plans to apply the new standards or interpretations in the annual period for which they are first required.

(i) Business combinations

Narrow-scope amendments to IFRS 3 *Business Combinations* were issued in October 2018 and apply to annual reporting periods beginning on or after January 1, 2020. The amendments clarify the definition of a business, provide guidance in determining whether an acquisition is a business combination or a combination of a group of assets, emphasize that the output of a business is to provide goods and services to customers, and provide a supplementary guidance.

(ii) Presentation of financial statements

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

3) SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of balances on deposit and investments in highly liquid short-term deposits that are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in fair value. The Company had no cash equivalents at October 31, 2020 and 2019.

3) SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument.

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or FVTPL. At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the statement of comprehensive loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTPL unless it is measured at amortized cost or FVTOCI. However, an irrevocable election can be made at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in FVTOCI.

The Company's financial instruments are classified and subsequently measured as follows:

Account	Classification
Cash and guaranteed investment certificate	Amortized cost
Receivables (excluding GST/sales tax receivable)	Amortized cost
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Due to related parties	Amortized cost
Share compensation liability	FVTPL

Impairment
The Company recognizes an allowance using the expected credit loss ("ECL") model on financial assets classified as subsequently measured at amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as subsequently measured at amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the consolidated statement of comprehensive loss.

3) SIGNIFICANT ACCOUNTING POLICIES – Continued

<u>Exploration and evaluation assets</u>
Upon acquiring the legal right to explore a mineral property (exploration and evaluation assets), all direct costs related to the acquisition and holding of a mineral property are capitalized. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and the decision to proceed with development are recognized in profit or loss as incurred, net of recoveries. Costs incurred before the Company has obtained the legal rights to explore an area are charged to profit or loss. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within equipment. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

<u>Impairment of non-current assets</u>
The Company's exploration and evaluation assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statement of comprehensive income/loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

The Company provides for the costs of future reclamation activities at the time it conducts exploration and evaluation activities and records the present value of the estimated reclamation expenditures required to restore the exploration sites in the year in which the obligation is incurred. When the obligation is recognized, the estimated expenditures are recorded in operations. Changes in estimated reclamation expenditures will be recognized as changes to the corresponding assets and reclamation liability in the year in which they occur.

<u>Share capital</u>
Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the agreement to issue shares was concluded.

3) SIGNIFICANT ACCOUNTING POLICIES – Continued

Share-based payments

(i) Share options

The Company grants share purchase options to directors, officers, employees and consultants to purchase common shares. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

(ii) Restricted share units

A Restricted Share Unit ("RSU" or "RSUs") Plan was established for officers and directors of the Company. The RSUs vest equally over a three-year period and are settled in cash or common shares of the Company, at the holder's option, at the market price of the Company's publicly traded common shares on the settlement date. The cost of the RSUs is measured, initially, at fair value on the date of grant based on the market price of the Company's common shares. The cost of RSUs is recognized as a liability, in accordance with IFRS 2 *Share-based Payments*, in the Company's consolidated statements of financial position. The liability is remeasured at each reporting period, with changes in the fair value of the liability being recognized in the Company's consolidated statements of loss and comprehensive loss. Until such time as the holder elects to settle the RSUs as either cash settlement or equity settlement, in accordance with the RSU plan (Note 8), the RSUs continue to be recognized as a liability.

Earnings or loss per share
The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Income taxes
The Company accounts for income taxes using the asset and liability method on temporary differences between the carrying amounts of assets and liabilities on the consolidated statement of financial position and their corresponding tax values, using enacted or substantially enacted income tax rates at each consolidated statement of financial position date. Deferred assets also result from unused losses and other deductions carried forward. The valuation of deferred tax assets is reviewed on a regular basis and adjusted to the extent that it is not probable that sufficient taxable profit will be available to allow all or a part of the deferred income tax asset to be utilized by use of a valuation allowance to reflect the estimated realizable amount.

(Expressed in Canadian dollars)

4) CHANGE IN ACCOUNTING POLICIES

Explorations and evaluation assets
The Company is applying a change to its accounting policy relating to the treatment of exploration costs on its exploration and evaluation assets under IFRS 6 *Exploration for and Evaluation of Mineral Resources*. The Company has adopted the policy, as outlined in Note 3 – Significant Accounting Policies above, to expense exploration costs as incurred. The Company had previously capitalized all acquisition and exploration costs related to its exploration and evaluation assets. The Company will continue to capitalize all costs related to the acquisition of and holding costs associated with its exploration and evaluation assets.

With the change, the Company aims to improve its financial communication by providing more understandable, comprehensible and more comparable financial information regarding the Company's operations to its peers in the industry.

The following outlines the impact of the change in accounting policy on the financial statement line items impacted in these financial statements:

Consolidated Statement of Financial Position as at October 31, 2019:

		As Reported		Adjustment		Restated Balance
Exploration and evaluation assets	$	1,623,665	$	(702,944)	**$**	**920,721**
Total assets	$	2,750,054	$	(702,944)	**$**	**2,047,110**
Deficit	$	(5,719,127)	$	(702,944)	**$**	**(6,422,071)**
Shareholders' equity	$	2,174,314	$	(702,944)	**$**	**1,471,370**
Total liabilities and shareholders' equity	$	2,750,054	$	(702,944)	**$**	**2,047,110**

Consolidated Statement of Loss and Comprehensive Loss for the year ended October 31, 2019:

		As Reported		Adjustment		Restated Balance
Exploration expenditures:						
Drilling	$	-	$	558,381	**$**	**558,381**
Geology and consulting	$	-	$	94,990	**$**	**94,990**
Total exploration expenditures	$	-	$	653,371	**$**	**653,371**
Net Loss and Comprehensive Loss for the year	$	1,693,724	$	653,371	**$**	**2,347,095**
Basic and Diluted Loss per share	$	0.04	$	0.01	**$**	**0.05**

Consolidated Statement of Changes in Equity for the year ended October 31, 2019:

		As Reported		Adjustment		Restated Balance
Deficit, as at October 31, 2018	$	(4,025,403)	$	(49,573)	**$**	**(4,074,976)**
Total shareholders' equity, as at October 31, 2018	$	942,074	$	(49,573)	**$**	**892,501**
Net loss for the year ended October 31, 2019	$	(1,693,724)	$	(653,371)	**$**	**(2,347,095)**
Deficit, as at October 31, 2019	$	(5,719,127)	$	(702,944)	**$**	**(6,422,071)**
Total shareholders' equity, as at October 31, 2019	$	2,174,314	$	(702,944)	**$**	**1,471,370**

(Expressed in Canadian dollars)

4) CHANGE IN ACCOUNTING POLICIES – Continued

Statement of cash flows for the year ended October 31, 2019:

		As Reported		**Adjustment**		**Restated Balance**
Net loss for the year	$	(1,693,724)	$	(653,371)	**$**	**(2,347,095)**
Cash flows from operations, net of adjustments not involving cash	$	(1,116,178)	$	(653,371)	**$**	**(1,769,549)**
Changes in non-cash operating capital:						
Accounts payable and accrued liabilities	$	(9,362)	$	324,875	**$**	**315,513**
Cash used in operating activities	$	(1,108,912)	$	(328,496)	**$**	**(1,437,408)**
Investing activities:						
Exploration and evaluation assets	$	(567,039)	$	328,496	**$**	**(238,543)**
Cash used in investing activities	$	(571,944)	$	328,496	**$**	**(243,448)**

Functional currency of subsidiary

The Company is applying a change to its accounting policy relating to the functional currency applicable to its wholly owned subsidiary. The Company has adopted the policy as outlined in Note 3 – Significant Accounting Policies above, to consider the functional currency to be the US dollar. The Company had previously considered the Canadian dollar to be the functional currency.

During the year, the Company's subsidiary became much more active and all decisions related to exploration activities and day-to-day operations are being made in the Unites States, and all expenses are being incurred in the Unites States and paid by the subsidiary. In addition, all of the day-to-day bookkeeping and record keeping is being performed in the United States. Under IFRS 21 *The Effects of Changes in Foreign Exchange Rates*, the effect of a change in the functional currency is accounted for prospectively using the exchange rate at the date of the change.

5) PREPAID EXPENSES AND DEPOSITS

Prepaid expenses at October 31, 2020 and 2019 is comprised of the following:

		2020		2019
Digital marketing (i)	**$**	**-**	$	83,704
Consulting		**47,709**		-
Insurance		**16,749**		15,550
Marketing and lead generation (ii)		**6,250**		7,533
Marketing (iii)		**26,147**		30,365
Deposits – trade shows/conferences		**-**		46,148
Other		**16,325**		6,734
	$	**113,180**	$	190,034

(Expressed in Canadian dollars)

5) PREPAID EXPENSES AND DEPOSITS – Continued

(i) On September 9, 2016, the Company entered into a digital marketing agreement for online marketing services for a period of 90 days commencing November 20, 2016. A non-refundable digital marketing fee of US$125,000 ($161,200) was paid to the advertiser as compensation for these services. The full amount of the prepaid was utilized during the year.
(ii) On July 4, 2019, the Company entered into a 12-month consulting and lead generation contract. A fee of $11,300 was paid to the consultant as compensation for these services. The contract was renewed in June 2020 for another 12-month period.
(iii) The prepaid balance is made up of four different marketing contracts that the Company entered into during the year ended October 31, 2020. The contracts totaled approximately $75,200 ranging in contract periods of 6 months to 12 months, with one contract being based on an as-needed basis. In September 2019, the Company entered into two six-month marketing contracts for editorial coverage. Fees of $18,000 and $27,548 (US$20,400) were paid as compensation for these services.

6) EXPLORATION AND EVALUATION ASSETS

Title disclaimer
As at October 31, 2020, all of the Company's exploration and evaluation assets are located in British Columbia, Canada, and Nevada, United States. Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, its properties are in good standing.

United States

Acquisition and Holding Costs		**Silver Cloud**		**Tonopah West**		**Total**
Balance, October 31, 2018	$	661,898	$	-	**$**	**661,898**
Additions		258,823		-		**258,823**
Balance, October 31, 2019		920,721		-		**920,721**
Additions		275,667		513,274		**788,941**
Foreign currency translation		(254)		(30,970)		**(31,224)**
Balance, October 31, 2020	$	1,196,134	$	482,304	**$**	**1,678,438**

The acquisition cost and exploration and evaluation expenditures relating to the West Silver Cloud property have been included with those of Silver Cloud.

The exploration expenditures for the year ended October 31, 2020 were as follows:

Exploration Expenditures		**Silver Cloud**		**Tonopah West**		**Total**
Drilling (Note 9)	$	719,292	$	4,208,454	**$**	**4,927,746**
Geology and consulting		166,743		262,950		**429,693**
Geophysics (Note 9)		137,959		54,761		**192,720**
Legal		4,879		24,406		**29,285**
Total	$	1,028,873	$	4,550,571	**$**	**5,579,444**

The exploration expenditures for the year ended October 31, 2019 were as follows:

Exploration Expenditures		**Silver Cloud**		**Tonopah West**		**Total**
Drilling	$	558,381	$	-	**$**	**558,381**
Geology and consulting		94,990		-		**94,990**
Total	$	653,371	$	-	**$**	**653,371**

6) EXPLORATION AND EVALUATION ASSETS – Continued

Silver Cloud Project

On October 27, 2017, the Company entered into a Lease Agreement (the "Lease") with Pescio Exploration, LLC ("Pescio" or the "Lessor") with respect to 552 unpatented lode mining claims situated in Elko County, Nevada, and known as the Silver Cloud Project (the "Property"). The Lease affords Blackrock all rights and privileges incidental to ownership, including rights to explore, develop and mine the Property. The term of the Lease is 10 years from October 27, 2017 (the "Effective Date"), and so long thereafter as: a) exploration and/or development is taking place on the Property, and/or b) the Property is held by Blackrock or its successors and assigns, unless earlier terminated in accordance with the terms of the Lease.

In June 2019, the Company completed negotiations to amend the Lease terms and conditions with the underlying owner. The amended Lease provides for lower upfront payments, a reduction of the net smelter return royalty through a buyout, and a purchase option for the Property.

Pursuant to the original Lease, to acquire and maintain the Lease in good standing, Blackrock:

(a) reimbursed the Lessor US$92,308 ($120,296) for the 2017 Bureau of Land Management ("BLM") fees;
(b) paid US$100,000 ($130,320) and issued 1,000,000 common shares of the Company to the Lessor at a price of $0.13 per share;
(c) paid US$100,000 ($131,810) in lease payments to the Lessor for year 1;
(d) must perform a minimum total of 15,000 feet of drilling on the Property during the first 3 years of the term of the Lease;
(e) must drill an additional 90,000 feet from years 4 to 9 and 20,000 feet each subsequent year;
(f) must pay all BLM permit costs. The Company paid BLM fees of US$91,080 ($123,459) in 2020 and US$91,080 ($119,415) in 2019; and
(g) must make additional payments to the Lessor of US$100,000 in year 2, US$150,000 in year 3, US$200,000 in year 4, US$250,000 in year 5, US$500,000 in year 6, US$750,000 in year 7 and US$1,500,000 per year starting in year 8.

Pursuant to the amending agreement:

(i) The Company must make the following cash payments:
    i. 2nd Anniversary of the Effective Date October 27, 2019, US$75,000 ($98,731) (paid);
    ii. 3rd Anniversary of the Effective Date October 27, 2020, US$100,000 ($131,640) (paid);
    iii. 4th Anniversary of the Effective Date October 27, 2021, US$150,000;
    iv. 5th Anniversary of the Effective Date October 27, 2022, US$200,000;
    v. 6th Anniversary of the Effective Date October 27, 2023, US$500,000;
    vi. 7th Anniversary of the Effective Date October 27, 2024, US$750,000; and
    vii. 8th Anniversary of the Effective Date and all subsequent anniversaries the Lease is in effect, US$1,500,000.

    The Company is committed to and must pay all minimum payments up to and including the October 27, 2022 payment. The cash minimum payments will not be credited cumulatively against the Company's royalty payment obligations.

(ii) The Company must complete the following minimum drilling requirements:
    i. 1st to 5th year of the Lease, 25,000 feet;
    ii. 6th year of the Lease, 10,000 feet;
    iii. 7th year of the Lease, 20,000 feet;
    iv. 8th year of the Lease, 20,000 feet; and
    v. 9th year of the Lease and each subsequent Lease year, 20,000 feet.

6) EXPLORATION AND EVALUATION ASSETS – Continued

If the minimum drilling threshold is not achieved, the Company is subject to a penalty of US$50 per foot of undrilled footage.

(iii) The Company was granted the sole and exclusive option to purchase and own 100% of the Property for a total purchase price of US$3,500,000 on or before October 27, 2023. Exercising the purchase option will terminate the Company's obligation with respect to making any further cash payments and the only further payment obligation is the royalty. If the option to purchase is exercised, the exploration drilling commitment or drilling escape payment obligations remain in effect. If the Company elects to exercise the purchase option after October 27, 2023, it will have to pay a total purchase price of US$5,000,000 and will be obligated to pay all minimum payments and any and all related financial obligations.

(iv) The Company will pay Pescio a non-participating royalty of 3.5% based on the gross value from the production or sale of minerals from the Property and any area of interest acquired interests. The royalty percentage, as a whole, is made subject to a buy-down option of 3.5% representing 1% of the gross value for a total of US$3,000,000 at any time within the first five years.

On July 11, 2019, the Company, through its subsidiary, Blackrock US, entered into a purchase agreement for 20 unpatented mining claims located immediately adjacent to the western boundary of the Property. These unpatented lode mining claims, collectively known as the West Silver Cloud property, extend the Property westward from the Northwest Canyon target. The Company:

(i) Paid US$5,000 upon closing of the transaction;
(ii) Issued 150,000 common shares of the Company; and
(iii) Issued 50,000 common share purchase warrants exercisable for a period of 3 years with an exercise price of $0.20 per common share.

The Property is subject to a production royalty equal to one-half of 1% (0.5%) of the net smelter returns. The Company has the right to purchase the royalty at any time for US$500,000.

<u>Tonopah West Project</u>
On February 24, 2020, the Company, through its subsidiary, Blackrock US, entered into the Blackrock Gold Corp. Option Agreement (the "OA") with Nevada Select Royalty, Inc. ("Nevada Select"), a wholly owned subsidiary of Ely Gold Royalties Inc., with respect to 17 unpatented mining claims and 23 patented mining claims (the Tonopah Claims) and 75 patented mining claims (the Cliff ZZ Claims), collectively known as the Nevada Select Claims, situated in Esmeralda and Nye counties, Nevada, and known as the Tonopah West Project (the "Project"). The OA gives and grants Blackrock US the sole and exclusive right and option to purchase 100% of Nevada Select's right, title and interest in and to the Project, including the existing data (as defined) possessed by Nevada Select and any additional data, information and records regarding the Project acquired by Nevada Select during the option period. The term of the OA is until the first to occur of (i) the option closing; (ii) the termination of the OA; or (iii) four years from the Initial Closing Date, being April 1, 2020. Until all option payments have been made and the option is exercised and closed, Blackrock US must pay all claim maintenance and rental fees for the Nevada Select Claims.

Pursuant to the OA, the total purchase price of US$3,000,000 will be paid by the following option payments:

(i) On the Initial Closing Date, US$325,000 ($464,815) (paid);
(ii) 1st Anniversary of the Initial Closing Date, US$325,000;
(iii) 2nd Anniversary of the Initial Closing Date, US$650,000;
(iv) 3rd Anniversary of the Initial Closing Date, US$700,000; and
(v) 4th Anniversary of the Initial Closing Date, US$1,000,000.

(Expressed in Canadian dollars)

6) EXPLORATION AND EVALUATION ASSETS – Continued

Upon the option exercise, Blackrock US will grant Nevada Select a 3% net smelter returns mineral production royalty in respect of all products (as defined) produced from the Nevada Select Claims.

During the option period and following the option exercise, if the option closing occurs and unless otherwise agreed by the parties, if either party or its affiliate acquires, directly or indirectly, any additional mining claims, located wholly or partly within the area of interest (as defined), the after-acquired interest will be included in and form part of the Nevada Select Claims and will be subject to the OA. If any unpatented or patented claims or other property are or become subject to any third-party royalty obligations that existed prior to initial closing, the royalty will be reduced so that the total royalty percentage on each of the mining claims or real property interests comprising the Project does not exceed 3%.

Blackrock US can terminate the OA without further liability at any time by giving written notice of termination to Nevada Select and Nevada Select will retain all payments made prior to termination.

CANADA – Moore Property

During the year ended October 31, 2017, the Company wrote-off all costs related to this project, as management has no plans to complete any additional work on the property. The 14 remaining claims will be allowed to lapse as they come due in 2021.

7) LOANS PAYABLE

Loans payable at October 31, 2020 and 2019 is comprised of the following:

		2020		2019
Related parties:				
Principal (i, iv, v)	**$**	**81,364**	$	81,364
Principal (iii, iv)		**32,860**		32,860
Interest		**24,780**		17,212
Foreign exchange		**(51)**		-
Repayment		**(138,953)**		-
		-		131,436
Arm's length:				
Principal (ii, iv, v)		**-**		21,463
Interest		**-**		1,209
Repayment (ii)		**-**		(22,672)
		-		-
Total	**$**	**-**	$	131,436

(i) On November 10, and 14, 2017, the Company entered into loan agreements with two directors of the Company to borrow a total of $81,364 for a period of one year. Of this amount, $40,308 was a non-interest-bearing advance at October 31, 2017 that was converted into a loan. As further consideration for advancing the loans, the Company issued a total of 1,162,273 bonus warrants to the directors exercisable at a price of $0.07 per share for a period of 12 months. The warrants subsequently expired unexercised. These loans were extended for an additional six-month term expiring on May 10, and 14, 2019 and have not been further extended. The principal balance of $81,364 and accrued interest totaling $20,343 was repaid during the year.

7) LOANS PAYABLE - Continued

(ii) On November 27, 2017, the Company entered into a loan agreement with an arms-length party to borrow $19,983. As further consideration for advancing the loan, the Company issued 285,714 bonus warrants to the lender exercisable at a price of $0.07 per share for a period of 12 months. The warrants subsequently expired unexercised. The principal balance of $19,983, and interest of $2,689, was repaid during 2019.

(iii) On January 14, 2019, the Company entered into a loan agreement with a director of the Company to borrow a total of $32,860 (US$25,000) for a period of one year. The principal balance, $32,860, and accrued interest, totaling $4,437, was repaid during the year.

(iv) These loans were unsecured and bore interest at 8% per annum with interest accruing and payable at maturity. Principal and all accrued and unpaid interest was payable in full on maturity or upon demand after six months. Overdue principal and accrued interest bore interest at 8% per annum.

(v) Loan agreements that include bonus warrants are considered to be a compound financial instrument with the liability and equity component being classified separately in the consolidated statements of financial position on the date of issuance. The fair value of the liability component is determined first, with the residual value, if any, being allocated to the equity component. At the time of issuance, the fair value of the liability component was determined not to be materially different from the loan proceeds. Accordingly, no amount was allocated to the equity component.

See Note 9.

8) SHARE CAPITAL

a) <u>Authorized</u>
The authorized share capital of the Company consists of unlimited common shares without par value.

b) <u>Issued</u>
During the year ended October 31, 2020, the Company issued the following common shares:

(i) On November 1, 2019, the Company issued 200,000 common shares to the estate of Brian Morris, former President of the subsidiary, that was a part of his signing bonus when hired.

(ii) There was a total of 3,929,937 share purchase warrants exercised for proceeds of $886,094, of which 49,437 exercised warrants were finders' warrants. A total of $13,585 was transferred from reserves to share capital, representing the fair value of the finders' warrants exercised during the year.

(iii) There was a total of 2,605,000 share options exercised for proceeds of $170,750. A total of $205,814 was transferred from reserves to share capital, representing the fair value of the share options exercised during the year.

(iv) On January 30, 2020, the Company closed the first tranche of a non-brokered private placement. In connection with the first tranche closing, the Company issued a total of 2,685,000 units of the Company at a price of $0.20 per unit for gross proceeds of $537,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.30 until January 30, 2022. On closing, the Company paid a cash commission of $1,200, representing 6% of the proceeds raised in respect of a portion of the private placement.

(v) On February 13, 2020, the Company closed the final tranche of the non-brokered private placement. In connection with the closing of the final tranche, the Company issued a total of 3,512,065 units of the Company at a price of $0.20 per unit for gross proceeds of $702,413. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.30 until February 13, 2022. On closing, the Company paid a cash commission of $13,500, representing 6% of the proceeds raised in respect of a portion of the private placement.

8) SHARE CAPITAL – Continued

b) Issued – Continued

(vi) On June 4, 2020, the Company closed a non-brokered private placement. In connection with the closing, the Company issued a total of 22,670,737 units of the Company at a price of $0.20 per unit for gross proceeds of $4,534,148. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.30 until June 4, 2023. On closing, the Company paid a cash commission of $193,090, representing 7% of the proceeds raised in respect of a portion of the private placement. The Company also issued 950,950 finder warrants, representing 7% of the units placed by finders. The finder warrants were fair valued at $261,321 and were treated as non-cash share issue costs.

(vii) On July 31, 2020, the Company closed a non-brokered private placement. In connection with the closing, the Company issued a total of 10,416,667 units of the Company at a price of $0.72 per unit for gross proceeds of $7,500,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $10 until July 31, 2022. On closing, the Company paid a cash commission of $399,280, representing 6% of the proceeds raised in respect of a portion of the private placement. The Company also issued 554,556 finder warrants, representing 6% of the units placed by finders. The finder warrants were fair valued at $679,331 and were treated as non-cash share issue costs.

During the year ended October 31, 2019, the Company issued the following common shares:

(i) On June 17, 2019, the Company closed the non-brokered private placement (the “Private Placement”) of 6,000,000 units (the “Units”) at a price of $0.10 per unit, for gross proceeds of $600,000. Each Unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of $0.16 until June 17, 2022. Finder fees of 7% were paid on a portion of the Private Placement to PI Financial Corp. ($3,360) and Haywood Securities Inc. ($1,400).

(ii) On July 11, 2019, the Company issued 150,000 common shares as part of its acquisition of 20 mining claims directly adjacent to its Silver Cloud Project on the Northern Nevada Rift in Elko County, Nevada (Note 6).

(iii) On September 6, 2019, the Company closed the non-brokered private placement (the “Private Placement”) of 6,380,125 units (the “Units”) at a price of $0.16 per unit, for gross proceeds of $1,020,820. Each Unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of $0.25 until September 6, 2022. Finder fees of 6% were paid on a portion of the Private Placement totaling $6,355. Andrew Pollard, current CEO, acquired 1,000,000 units as part of the financing.

(iv) During the year, there were a total of 650,000 share options exercised, ranging in exercise prices from $0.05 to $0.12 per common share. The Company received total proceeds of $55,500 from the exercise of the share purchase options. A total of $50,710 was transferred from reserves to share capital, representing the fair value of the share options exercised during the year.

(v) During the year, there were a total of 4,527,500 share purchase warrants exercised, ranging in exercise prices from $0.10 to $0.20 per common share. The Company received total proceeds of $623,500 from the exercise of the share purchase warrants.

(Expressed in Canadian dollars)

8) SHARE CAPITAL – Continued

c) Share purchase options

The Company adopted an incentive stock option plan (the “Plan”), which provides that the number of shares issuable under the Plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan may have a maximum term of 10 years. The exercise price of options granted under the Plan may not be less than the discounted market price of the shares on grant date, or such other price as may be agreed to by the Company and accepted by the TSX-V.

The continuity of share purchase options for the years ended October 31, 2020 and 2019 is as follows:

	2020		2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Balance, beginning of the year	**5,665,000**	**0.14**	4,050,000	0.09
Granted	**4,760,000**	**0.90**	3,765,000	0.17
Exercised	**(2,605,000)**	**0.08**	(650,000)	0.09
Expired/Cancelled	**(125,000)**	**0.31**	(1,500,000)	0.12
Outstanding, end of the year	**7,695,000**	**0.62**	5,665,000	0.14
Exercisable, end of the year	**7,345,000**	**0.59**	5,665,000	0.14

The options have a weighted average life of 4.23 (2019 - 3.64) years.

Expiry Date	Number of Options (Outstanding)	Number of Options (Exercisable)	Exercise Price
			$
May 2, 2023	200,000	200,000	0.12
May 14, 2024	350,000	350,000	0.05
May 21, 2024	500,000	500,000	0.05
May 28, 2024	240,000	240,000	0.06
June 19, 2024	520,000	520,000	0.10
September 10, 2024	1,325,000	1,325,000	0.31
April 3, 2025	1,750,000	1,750,000	0.15
August 5, 2025	2,560,000	2,210,000	1.43
August 6, 2025	250,000	250,000	1.33

The fair value of the share-based payments expense for the years ended October 31, 2020 and 2019 as determined by the Black-Scholes option pricing model was estimated using the following assumptions:

	2020 (weighted average)	2019 (weighted average)
Risk-free interest rate	**0.44%**	1.45%
Expected annual volatility	**145.44%**	135.33%
Expected life (years)	**5**	5
Dividend yield	**0%**	0%

The weighted average grant date fair value per option was $0.7911 (2019 - $0.151).

(Expressed in Canadian dollars)

8) SHARE CAPITAL – Continued

d) Warrants

The continuity of warrants for the years ended October 31, 2020 and 2019 is as follows:

	2020		2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		$		$
Balance, beginning of the year	**11,117,562**	**0.20**	16,304,653	0.15
Issued	**19,642,230**	**0.49**	6,240,062	0.21
Exercised	**(3,880,500)**	**0.22**	(4,527,500)	0.14
Expired	**(4,862,500)**	**0.19**	(6,899,653)	0.13
Outstanding, end of the year	**22,016,792**	**0.45**	11,117,562	0.20

The warrants have a weighted average life of 2.12 (2019 - 1.68) years.

Expiry Date	Number of Warrants	Exercise Price
		$
January 30, 2022	1,317,500	0.30
February 13, 2022	1,337,282	0.30
June 17, 2022	1,530,000	0.16
July 31, 2022	5,208,331	1.00
September 6, 2022	1,438,312	0.25
June 4, 2023	11,185,367	0.30

e) Restricted share units

On July 20, 2020, the Company adopted its RSU plan for the purpose of securing for the Company and its shareholders the benefits of incentive inherent in share ownership by the employees, officers and directors of the Company and its affiliates who, in the judgment of the Board of Directors (the “Board”) and the Compensation Committee, will be largely responsible for the Company’s future growth and success. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSUs and the number of RSUs granted are to be determined by the Board or the Compensation Committee at the time of the grant. Each award granted entitles the participant to receive one RSU. Within two business days of the award grant, the participant must send a written settlement election to the Company choosing whether it wishes the awards to be subject to cash or share settlement procedures.

During the year ended October 31, 2020, the Company granted an aggregate 362,000 RSUs to officers and directors of the Company. The RSUs vest over a three-year period with one-third vesting on the first anniversary date, one-third on the second anniversary date and the final one-third on the third anniversary date. As of the dates of grant, August 5, 2020 and October 31, 2020, the Company had not received regulatory approval of its RSU plan, and as a result, the participants have not elected their settlement option of the RSUs. In accordance with IFRS 2, share-based payments where there is an option to settle the payment in cash, the entity recognizes the services received and a liability to pay for those services.

(Expressed in Canadian dollars)

8) SHARE CAPITAL – Continued

e) Restricted share units - Continued

Until the liability is settled, the Company remeasures the fair value of the liability at the end of each reporting period and at date of settlement, with any changes in fair value recognized in profit and loss for the period.

During the year ended October 31, 2020, the Company recognized share-based compensation expense related to the RSUs in the amount of $74,311. The Company recognized a corresponding share compensation liability of $74,311. The share compensation liability was remeasured at October 31, 2020 to be $39,249, with the change in fair value of the compensation liability, $35,062, recognized on the consolidated statement of loss and comprehensive loss.

The following table summarizes the status of the Company's outstanding RSUs as at October 31, 2020:

Grant date	Vesting Date	RSUs Outstanding	Grant Date Fair Value
August 5, 2020	August 5, 2021	120,666	$ 1.42
August 5, 2020	August 5, 2022	120,667	$ 1.42
August 5, 2020	August 5, 2023	120,667	$ 1.42
		362,000	

On the date of grant, August 5, 2020, the fair value of the RSUs was $514,040 and $271,500 as at October 31, 2020. Fair value is measured using the Company's share price on the date of the grant and on subsequent remeasurement dates.

f) Finder's warrants

The continuity of finder's warrants for the years ended October 31, 2020 and 2019 is as follows:

	2020		2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		$		$
Balance, beginning of the year	-	-	-	-
Issued	**1,505,506**	**0.56**	-	-
Exercised	**(49,437)**	**0.30**	-	-
Outstanding, end of the year	**1,456,069**	**0.57**	-	-

Expiry Date	Number of Finders' Warrants	Exercise Price
		$
July 31, 2022	554,556	1.00
June 4, 2023	901,513	0.30

The finders' warrants have a weighted average life of 2.27 years.

(Expressed in Canadian dollars)

8) SHARE CAPITAL – Continued

f) Finder's warrants – Continued

The fair value of the finder's warrants for the year ended October 31, 2020, as determined by the Black-Scholes option pricing model was estimated using the following assumptions:

	2020 (weighted average)	2019 (weighted average)
Risk-free interest rate	0.29	N/A
Expected annual volatility	152.33%	N/A
Expected life (years)	2.63	N/A
Grant date fair value	0.62	N/A
Dividend yield	0%	N/A

9) RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which is the amount agreed to by the related parties.

As at October 31, 2020, the Company owed $235,224 (2019 - $99,439) to related parties as follows:

(i) $67,025 (2019 - $37,332) in management fees and $5,412 (2019 - $658) in administration fees to Tanadog Management and Technical Services, Inc., a company controlled by the current chairman of the board. In addition, a total of $57,484 (2019 - $Nil) is payable as expense reimbursements;
(ii) $Nil (2019 - $7,896) in management fees to the former president of the Company;
(iii) $Nil (2019 - $8,250) in management fees to Minhas Consulting Corp., a company controlled by the current CFO;
(iv) $20,000 (2019 - $Nil) in management fees to the Company's CFO;
(v) $40,000 (2019 - $Nil) to The Mining Recruitment Group Ltd., a company controlled by the CEO of the Company for consulting fees; and
(vi) $45,303 (2019 - $45,303) to the former CEO of the Company for management fees.

During the year ended October 31, 2020, the Company incurred interest expense of $7,568 (2019 - $9,358) on loans payable to former directors of the Company and issued Nil (2019 - Nil) bonus warrants in respect of these loans (see Note 7).

Of the units issued by the Company in 2020, Nil (2019 - 1,000,000) were issued to insiders of the Company (see Note 8).

Key management compensation

During the year ended October 31, 2020, the Company paid or accrued compensation to key management, or companies controlled by them, totalling $710,075 (2019 - $331,355). Of this amount:

(i) $Nil (2019 - $19,279) for salary to the former interim CEO and corporate secretary of the Company;
(ii) $43,000 (2019 - $11,000) in management fees to Minhas Consulting Corp., a company controlled by the current CFO, including a $10,000 (2019 - $Nil) bonus;
(iii) $20,000 (2019 - $Nil) in management fee bonuses to the current CFO;
(iv) $Nil (2019 - $1,836) in administration fees to a former director of the Company;
(v) $332,380 (2019 - $138,239) in management fees and $27,695 (2019 - $4,659) in administration fees to Tanadog Management and Technical Services, Inc., a company controlled by the current chairman of the board, including bonuses totalling $118,273 (2019 - $47,675);

9) RELATED PARTY TRANSACTIONS – Continued

(vi) $287,000 (2019 - $110,000) in management fees to The Mining Recruitment Group Ltd., a company controlled by the CEO, including bonuses totalling $107,000 (2019 - $50,000);
(vii) $Nil (2019 - $3,000) in management fees to the former CFO of the Company;
(viii) $Nil (2019 - $35,446) in management fees to the former CEO of the Company; and
(ix) $Nil (2019 - $7,896) in management fees to the former CEO of the Company's subsidiary.

During the year ended October 31, 2020, $3,276,126 (2019 - $566,979) in share-based payments was in respect of, and $29,526 (2019 - $Nil) in health and dental benefit premiums were paid on behalf of, officers, employees and directors of the Company.

During the year ended October 31, 2020, $Nil (2019 - $25,023) was paid for project related exploration (a soil sampling program) to a company controlled by the CEO of the Company and $14,000 (2019 - $Nil) in share-based compensation related to 200,000 common shares issued to the estate of the former President of the subsidiary.

On October 1, 2019, the Company entered into a consulting agreement with a company whereby that company's director was retained to perform executive, technical, managerial and consulting services, as directed by the Company's Board, to act as executive chair of the Company, to serve as a director of the Company and to hold such additional offices to which he may be appointed by the Company or any subsidiary of the Company. The agreement is effective September 1, 2019 for a term of one year with automatic renewals of consecutive one-year terms. Pursuant to the agreement, the consultant will receive a consulting fee at the base rate of US$144,000 per annum, payable in equal monthly instalments of US$12,000.

On October 1, 2019, the Company entered into a consulting agreement with a company whereby that company's president was retained to perform executive, managerial and consulting services, as directed by the Company's Board, to act as president and chief executive officer of the Company, to serve as a director of the Company and to hold such additional offices to which he may be appointed by the Company or any subsidiary of the Company. The agreement is effective October 1, 2019 for a term of one year with automatic renewals of consecutive one-year terms. Pursuant to the agreement, the consultant will receive a consulting fee at the base rate of $180,000 per annum, payable in equal monthly instalments of $15,000.

Pursuant to the agreements:

(i) The annual base rates are subject to increase at the Board's discretion;
(ii) The consultants are entitled to receive an annual bonus, as determined at the Board's discretion;
(iii) The consultants are entitled to participate in the Company's stock option plan;
(iv) The consultants may terminate the agreements upon three months' written notice and will receive a termination payment equal to the then applicable base rate per annum if terminated for other than cause; and
(v) If at any time during the term of the agreements there is a change of control (as defined) and the contracts are terminated within six months of the date of change of control, the consultants will receive an amount equal to two times both the then applicable base rate and any bonus paid or payable in respect of the Company's most recently completed financial year.

On November 1, 2019, the Company entered into an employment agreement with its corporate secretary for a term of one year with automatic renewals. Pursuant to the agreement, the corporate secretary will:

(i) Receive a severance benefit equal to three times his current monthly salary, which shall increase by one month per year to a maximum of six months. In addition, his coverage under employee benefit programs will continue for an equal period of time unless the Company elects to pay a lump sum cash payment equal to the projected cost of maintaining him in such programs in lieu; and

(Expressed in Canadian dollars)

9) RELATED PARTY TRANSACTIONS – Continued

(ii) If at any time during the term of the agreement there is a change of control (as defined) and his employment is terminated within six months of the date of change of control, he will receive an amount equal to six times his current monthly salary, which will increase by one month per year to a maximum of 12 months and benefits for the same period in lieu of notice, severance, damages or other payments.

Subsequent to year-end, on January 1, 2021, the Company entered into an employment agreement with its CFO. Pursuant to the agreement, the CFO:

(i) Is eligible for a target annual bonus based on the Company achieving its annual targets, individual performance and according to the annual bonus plan, as determined by the Compensation Committee;
(ii) If terminated without cause or if he leaves the Company within six months of a change of city from which the Company carries on business, is entitled to three months of his current annual base salary plus the pro rata amount of the previous year's annual bonus plus the cash equivalent of accrued vacation pay; and
(iii) If terminated within six months of a change of control (as defined), is entitled to receive severance pay equal to 12 months of annual base salary, plus the pro rata amount of the previous year's annual bonus plus the cash equivalent of accrued vacation pay.

10) INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery for the years ended October 31, 2020 and 2019 is as follows:

		2020		2019
Net loss for the year	**$**	**11,701,580**	$	2,347,095
Effective statutory rate		**27.00%**		27.00%
Expected income tax recovery		**3,159,427**		633,716
Net effect of deductible and non-deductible amounts		**(777,015)**		(150,857)
Change in valuation allowance		**(2,382,412)**		(482,859)
	$	**-**	$	-

The significant components of the Company's deferred income tax assets at October 31, 2020 and 2019 are as follows:

		2020		2019
Deferred tax assets:				
Exploration and evaluation assets	**$**	**788,213**	$	691,958
Non-capital loss carry-forwards		**13,147,000**		4,885,000
Capital loss carry-forwards		**409,611**		409,611
Equipment		**20,480**		16,112
Share issue costs		**606,134**		44,542
Total deferred tax assets	**$**	**14,971,438**	$	6,047,223

The Company did not recognize the deferred tax asset for the year ended October 31, 2020, as it was unlikely to be realized.

(Expressed in Canadian dollars)

10) INCOME TAXES – Continued

The Company has Canadian non-capital losses of approximately $6,924,000 expiring in stages to 2040 as follows:

Expiry date		Non-capital losses
2026	$	213,000
2027		99,000
2028		91,000
2029		-
2030		73,000
2031		114,000
2032		56,000
2033		67,000
2034		86,000
2035		54,000
2036		356,000
2037		715,000
2038		1,164,000
2039		1,208,000
2040		2,628,000
	$	6,924,000

The Company has Canadian resource pools of approximately $1,473,000 and capital losses of approximately $819,000 at October 31, 2020.

11) CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its projects. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents. There are no external restrictions on the use of the Company's capital.

The Company manages its capital structure and makes adjustments to 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 issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets and its ability to compete for investment or support of its projects.

12) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Financial instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are 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; and
Level 3: Inputs that are not based on observable market data.

Cash is measured using Level 1 while the Company's share compensation liability is measured using Level 2. The Company does not have any financial instruments that are measured using Level 3 inputs. During the year, there were no transfers between Level 1, Level 2 and Level 3 classified assets and liabilities.

The Company's financial instruments are exposed to certain financial risks, including the following:

Financial risk factors

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with two major banks in Canada. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at October 31, 2020, the Company had cash of $6,589,531 to settle current liabilities of $1,494,822. The Company is not subject to significant liquidity risk.

Foreign currency risk
The Company's functional currency is the Canadian dollar; however, there are expenses, assets and liabilities in US dollars. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. As at October 31, 2020, the Company had cash balances of US$2,267,749 (2019 - US$457,992), loans payable of $Nil (2019 - US$26,617) and accounts payable and accrued liabilities of US$937,051 (2019 - US$247,365). The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

13) COMMITMENTS AND CONTINGENCIES

Commitments related to the Property are disclosed in Note 6. The Company has no other commitments that extend more than 12 months into the future.

The Company has corporate credit cards with limits totalling $30,000. The guaranteed investment certificate ("GIC") is being held as security for the credit cards by the bank. The GIC matures on October 21, 2020 and has an interest rate of 1%.

14) SUBSEQUENT EVENTS

The following transactions, not disclosed elsewhere in the financial statements, occurred subsequent to the year-end:

(i) On January 18, 2021, the Company granted an aggregate 466,800 RSUs under its RSU plan to its directors, officers and employees. The RSUs awarded will vest as to one-third on each of the first, second and third anniversaries of the date of grant. The RSUs awarded are subject to any necessary regulatory approvals, which, at the date of filing, had not been received. See Note 8.

(ii) On February 19, 2021, the Company closed its previously announced financing on January 29, 2021, an upsized bought-deal public offering (the “Offering”), which includes full exercise of the over-allotment option. Under the Offering, a total of 14,375,000 units of the Company (the “Units”) at a price of $0.72 per Unit (the “Unit Price”) were sold on a “bought deal” basis for gross proceeds of $10,350,000. Each Unit is comprised of one common share in the capital of the Company (each a “Common Share”) and one-half of one Common Share purchase warrant (each a “Warrant”). Each whole Warrant is exercisable into one Common Share at a price of $1.10 at any time on or before the date that is 36 months after the closing date of the Offering, February 19, 2024. The Offering was led by Red Cloud Securities Inc. as lead underwriter and sole bookrunner on behalf of a syndicate of underwriters that included Canaccord Genuity Corp., Mackie Research Capital Corporation and PI Financial Corp. (collectively, the “Underwriters”).

In connection with the Offering, the Underwriters received a total cash commission of $586,878 and 419,402 non-transferable broker warrants, each entitling the Underwriters to purchase one Common Share of the Company at a price of $0.72 until February 19, 2024. In addition, the Company also paid approximately $79,000 in legal fees, disbursements and out-of-pocket expenses for the Underwriters.

The proceeds of the Offering will be used to fund the exploration of the Company’s Tonopah West and Silver Cloud properties and for working capital and general corporate purposes.

(iii) On February 25, 2021, the Company announced the grant of 2,510,000 share purchase options to directors, officers, employees and consultants. The share purchase options have an exercise price of $0.91 per common share for a period of five years.

(iv) Subsequent to year-end, the following convertible securities have been exercised:

- 300,000 share options have been exercised for total proceeds of $35,000;
- 1,023,437 warrants have been exercised for total proceeds of $285,484; and
- 60,253 finder warrants have been exercised for total proceeds of $18,076.