ELECTRIC METALS (USA) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND
THE PERIOD FROM INCEPTION ON JULY 24, 2019 TO DECEMBER 31, 2019
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Electric Metals (USA) Limited

Opinion

We have audited the consolidated financial statements of Electric Metals (USA) Limited and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficiency) and consolidated statements of cash flows for the year ended December 31, 2020 and the period from inception on July 24, 2019 to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2020 and the period from inception on July 24, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 20, 2021

ELECTRIC METALS (USA) LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2020 $	December 31, 2019 $
ASSETS			
Current assets			
Cash		9,134	2,645
Receivables		15,009	1,018
Prepaid expenses		23,181	-
		47,324	3,663
Exploration and evaluation assets	**6**	4,042,426	-
Total assets		4,089,750	3,663
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**11**	937,071	176,899
Loans from related parties	**7**	486,290	26,887
Subscriptions received in advance	**8**	-	156,752
Deposit received		-	47,043
		1,423,361	407,581
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	**8**	4,064,317	1
Foreign currency translation reserve		(70,295)	(4,560)
Deficit		(1,327,633)	(399,359)
		2,666,389	(403,918)
Total liabilities and shareholders' equity (deficiency)		4,089,750	3,663

Nature of operations and going concern (Note 1)

Approved and authorized on behalf of the Board of Directors on April 20, 2021

"Gary Lewis" Director　　　　"Dr. Ian Pringle" Director

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

ELECTRIC METALS (USA) LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the year ended December 31, 2020 and
the period from inception on July 24, 2019 to December 31, 2019
(Expressed in Canadian Dollars)

	Note	2020 $	2019 $
EXPENSES			
Consulting fees		3,562	14,831
Directors fees	**11**	294,819	356,982
Exploration and evaluation costs	**6**	172,445	107,702
Filing fees		9,927	-
Foreign exchange gain		(450)	-
Interest and bank charges	**7**	19,316	-
Marketing		23,429	25,506
Office expenses		63,543	18,692
Rent		11,715	962
Professional fees	**11**	326,937	2,724
Share-based compensation	**8**	89,725	-
Travel		2,070	-
LOSS BEFORE OTHER INCOME AND (EXPENSES)		(1,017,038)	(527,399)
OTHER INCOME AND (EXPENSES)			
Exploration and evaluation assets impairment	**6**	-	(48,218)
Debt forgiveness		13,840	-
Borrowing costs	**7, 11**	(19,280)	-
Recovery of expenses		94,204	176,258
		88,764	128,040
NET LOSS FOR THE YEAR/PERIOD		(928,274)	(399,359)
OTHER COMPREHENSIVE INCOME (LOSS)			
ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT (LOSS):			
Exchange difference on translation of foreign operations		(65,735)	(4,560)
COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(994,009)	(403,919)
NET LOSS PER SHARE – BASIC AND DILUTED		(0.03)	(0.04)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		31,270,166	10,000,000

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

ELECTRIC METALS (USA) LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars, except for share figures)

	Number of Shares #	Share Capital $	Foreign Currency Translation Reserve $	Deficit $	Total $
Balance, Inception on July 24, 2019	-	-	-	-	-
Shares issued for cash	1	1	-	-	1
Share split	9,999,999	-	-	-	-
Net and comprehensive loss for the period	-	-	(4,560)	(399,359)	(403,919)
Balance, December 31, 2019	10,000,000	1	(4,560)	(399,359)	(403,918)
Shares issued for cash	6,796,840	978,035	-	-	978,035
Share issue costs	503,500	(33,020)	-	-	(33,020)
Shares issued to settle debt	100,000	19,280	-	-	19,280
Shares issued for services	925,000	193,273	-	-	193,273
Shares issued for acquisition of exploration and evaluation assets (Notes 4 and 5)	19,934,744	1,745,037	-	-	1,745,037
Shares issued for exploration and evaluation assets (Note 6)	5,130,511	1,071,986	-	-	1,071,986
Share-based compensation	429,425	89,725	-	-	89,725
Net and comprehensive loss for the year	-	-	(65,735)	(928,274)	(994,009)
Balance, December 31, 2020	43,820,020	4,064,317	(70,295)	(1,327,633)	2,666,389

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

ELECTRIC METALS (USA) LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended December 31, 2020 and
the period from inception on July 24, 2019 to December 31, 2019
(Expressed in Canadian Dollars)

	Note	2020 $	2019 $
Operating activities:			
Net loss for the year/period		(928,274)	(399,359)
Items not affecting cash:			
Accrued interest expense	**7**	18,767	-
Borrowing costs paid with shares	**7**	19,280	-
Debt forgiveness		(13,840)	-
Deposit received		(47,043)	47,043
Exploration and evaluation assets impairment	**6**	-	48,218
Services paid with shares	**8**	193,273	-
Share-based compensation	**8**	89,725	-
Changes in non-cash working capital related to operations:			
Receivables		(13,991)	(1,018)
Prepaid expenses		(23,181)	-
Accounts payable and accrued liabilities		(76,186)	172,339
Net cash used in operating activities		(781,470)	(179,820)
Investing activities:			
Exploration and evaluation assets acquisition and exploration costs		(468,039)	(48,218)
Cash acquired from asset acquisitions	**4, 5**	41,381	-
Net cash used in investing activities		(426,658)	(48,218)
Financing activities:			
Shares issued for cash, net of issue costs	**8**	788,263	1
Subscriptions received in advance		-	156,752
Loan proceeds		3,788	-
Loan proceeds from related parties	**7**	424,338	26,887
Net cash provided by financing activities		1,216,389	230,683
Increase in cash during the year/period		8,261	2,645
Foreign exchange		(1,772)	-
Cash – beginning of the year/period		2,645	-
Cash – end of the year/period		9,134	2,645
Income taxes paid		-	-
Interest paid		-	-

Non-cash Transactions (Note 12)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Electric Metals (USA) Limited ("the Company") was incorporated in New South Wales, Australia on July 24, 2019. The Company is engaged in the exploration and development of mineral properties in the USA. The Company's head office is located at Level 36, 1 Farrer Place, Sydney, New South Wales, Australia. The Company has elected to have December 31 as its year end.

These consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At December 31, 2020, the Company had accumulated losses of $1,327,633 since its inception and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration and corporate overhead. In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business and the Company's ability to raise new capital. These events and conditions indicate a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These consolidated financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards ("IFRS") and related interpretations of the IFRS Interpretations Committee ("IFRIC's") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the board of directors for issue on April 20, 2021.

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

c) Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned and controlled subsidiaries, Electric Metals (USA) Inc., incorporated in Wyoming, USA, North American Silver Corp. ("NAS") and Centennial Mining Inc., incorporated in Nevada, USA, from date of acquisition (see Note 4), and North Star Manganese Inc. ("NSM"), incorporated in Minnesota, USA, from date of acquisition (see Note 5).

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

d) Foreign currencies

The presentation currency of the Company is the Canadian dollar. The functional currency is the currency of the primary economic environment in which each entity operates. The functional currency of the Company is the Australia dollar ("AUD"), while the functional currency of Electric Metals (USA) Inc., NAS, Centennial Mining Inc. and NSM is the US dollar ("USD"). Those functional currencies are the currencies of the primary economic environments in which each of the companies operate.

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income (loss) as exchange difference on translation of foreign operations.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive loss related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive loss related to the subsidiary are reallocated between controlling and non-controlling interests.

e) Financial instruments

Recognition and classification
The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial asset debt instruments is driven by the Company’s business model for managing those financial assets and the contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement
Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment, using the effective interest rate method. The effective interest rate method is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial

asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition
Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

f) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. These direct expenditures include such costs as materials used, surveying, drilling, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mine under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Exploration and evaluation assets are classified as intangible assets.

g) Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at December 31, 2020, the Company has no known material restoration, rehabilitation or environmental liabilities related to its exploration and evaluation assets.

h) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

The lease liability is recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of- use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

i) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Common shares and warrants issued by the Company are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company allocates unit offering proceeds between common shares and share purchase warrants using the residual value method, with the common shares being valued first and the balance, if any, allocated to the attached warrants.

Warrants issued to agents or brokers on a non-cash basis in connection with corporate financings are recorded at fair value using the Black-Scholes option pricing model and charged against share capital as issue costs with an offsetting increase to contributed surplus.

j) Loss per share

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of those instruments would not be anti-dilutive.

k) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity-settled share options or warrants are granted to non-employees, they are recorded at the fair value of the goods or services received. Amounts related to the issuance of shares are recorded as a reduction of share capital, amounts related to the acquisition of assets are capitalized to the asset, and current period services are expensed to profit or loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the equity instrument is measured. The expected life used in the valuation model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

For non-cash transactions paid by consideration in the form of the Company's common shares the transaction is measured at the date the Company obtains the goods or the counterparty renders services. Where the fair value of the good or services cannot be estimated reliably, the transaction is measured at the fair value of the common shares, where a quoted price is not available fair value is determined by reference to recently completed cash transaction.

l) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

m) New standards and interpretations:

There are no new standards not yet adopted that are expected to have a material impact on the Company's consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.

a) Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Going concern assumption
These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to fund future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments may be necessary to the carrying value of assets and liabilities, the reported revenue and expenses and the consolidated statement of financial position classifications used.

Impairment of exploration and evaluation assets
The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project.

Issuances of shares for goods and services
Management makes judgments in determining the share price attributed to issuances of shares for goods and services. Management considers market conditions, recent or pending private placements of the Company, and or contracted terms of the issuance. Should management's judgment as to an appropriate share price be incorrect, the value attributed could be materially different.

Asset acquisitions
The assessment of whether an acquisition meets the definition of a business or an asset is an area of key judgment. In the acquisitions of NAS, Centennial Mining Inc. and NSM, judgment was required to determine if the acquisitions represented business combinations or asset acquisitions. More specifically, management concluded that NAS, Centennial Mining Inc. and NSM did not represent businesses as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the transactions (Notes 4 and 5) represented the acquisitions of assets, there was no goodwill recognized and the transactions costs were capitalized to the assets purchased rather than expensed.

b) Key Sources of Estimation Uncertainty

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Share-based compensation
The Company measures the value of equity-settled transactions with employees, and with non-employees when the fair value of the goods or services received is not determinable, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation 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 assumptions about them.

(Expressed in Canadian Dollars)

4. ACQUISITION OF NORTH AMERICAN SILVER CORP. AND CENTENNIAL MINING INC.

On April 1, 2020, the Company closed the acquisition of NAS and Centennial Mining Inc. pursuant to the terms of a share exchange agreement (the "NAS Agreement"). The Company acquired all of the issued and outstanding common shares of NAS and Centennial Mining Inc. by issuing 5,159,744 common shares of the Company.

The transaction did not meet the definition of a business combination and therefore, was accounted for as an asset purchase of mineral property interests. The fair value of the consideration paid for the acquisition of NAS and Centennial Mining Inc. has been allocated to the assets acquired and liabilities assumed, based on management's best estimate and taking into account all available information at the time of acquisition.

The following table summarizes the fair value of the total consideration paid and the aggregate fair value of the identified assets acquired and liabilities assumed:

Purchase price	**$**
5,159,744 common shares of the Company at $0.2089 (USD$0.15) per share	1,078,094
Fair value of consideration	1,078,094

Net assets acquired	**$**
Cash	2
Accounts payable and accrued liabilities	(148,968)
Exploration and evaluation assets	1,227,060
	1,078,094

5. ACQUISITION OF NORTH STAR MANGANESE INC.

On April 20, 2020, the Company acquired 77.5% of North Star Manganese Inc. ("NSM") by issuing 9,900,000 common shares of the Company. The Company also committed to issuing 2,000,000 common shares as a finder's fee as a result of the transaction. On June 2, 2020, the Company acquired the remaining 22.5% of NSM by issuing 2,875,000 common shares pursuant to the terms of a share exchange agreement (the "NSM Agreement").

The acquisition did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase of mineral property interests. The fair value of the consideration paid for the acquisition of NSM has been allocated to the assets acquired and liabilities assumed, based on management's best estimate and taking into account all available information at the time of acquisition.

The following table summarizes the fair value of the total consideration paid and the aggregate fair value of the identified assets acquired and liabilities assumed:

(Expressed in Canadian Dollars)

Purchase price	**$**
9,900,000 common shares of the Company at $0.0069 per share	68,180
2,000,000 common shares of the Company issued as a finder's fee at $0.0069 per share	13,773
2,875,000 common shares of the Company at $0.2035 per share	584,990
Fair value of consideration	666,943

Net assets acquired	**$**
Cash	41,379
Accounts payable and accrued liabilities	(144,878)
Exploration and evaluation assets	770,442
	666,943

6. EXPLORATION AND EVALUATION ASSETS

Idaho Copper Belt Claims

On August 26, 2019, the Company entered into a purchase option and sale agreement (the "Option and Sale Agreement") with Ethos Geological Inc. ("Ethos"), which was amended on June 23, 2020 (the "Amended Option and Sale Agreement"), to acquire a 100% interest in the Idaho Copper Belt Claims. The Idaho Copper Belt Claims are located in the Idaho, USA.

Under the terms of the Option and Sale Agreement, the purchase price was comprised of:

- Tormey 29 claims, USD$25,000
- Hayden 86 claims, USD$45,000
- Birthday 12 claims, USD$5,000
- Copper Queen 20 claims, USD$5,000
- Nellie 12 claims, USD$5,000

In addition, the Company was required to pay the annual option fee, which consisted of the annual unpatented mining claim renewal fees to the United States Department of Interior, Bureau of Land Management and associated State or County annual registration fees.

While the claims were under option, the Company was required to spend annual work expenditures of USD$200,000, with excess expenditures being credited to future annual work commitment requirements. The work associated by the work commitments was to be undertaken and managed by Ethos. The annual work commitment requirement was to cease once the claims were purchased, and if a portion of the claims were purchased, the annual work commitment requirement would be proportionately reduced.

The Company decided not to proceed with the Idaho Copper Belt Claims and therefore, all of the exploration and evaluation costs incurred on the project were impaired during the period ended December 31, 2019.

Corcoran Canyon Silver Project

The Company, through its subsidiaries, NAS and Centennial Mining Inc., has a 100% ownership interest in the Corcoran Canyon Silver Project in Nye County, Nevada. The Corcoran Canyon Siler Project comprises 328 contiguous, unpatented mineral claims with an area of approximately 2,681.5 hectares. 8 of the claims are currently subject to a 2% net smelter return ("NSR") royalty. Any surrounding claims acquired or staked by the Company would also become subject to the 2% NSR royalty, unless those claims are subject to an NSR royalty owed to a third party.

Emily Manganese Project

Under the Option Agreement, dated April 22, 2020, with Cooperative Mineral Resources, LLC ("CMR") and People's Security Company, Inc. ("PSC"), the Company's subsidiary, NSM, has the option to purchase a 100% interest in the Emily Manganese Project in Minnesota, USA, for USD$30,250,000.

Under the Development and Sales Agreement, dated April 22, 2020, with CMR, NSM has been engaged by CMR to evaluate and potentially develop a mine at the Emily Manganese Project on behalf of CMR, and NSM will be reimbursed for the exploration and development expenditures incurred plus an annual profit equal to 15% of the expenditures. Upon commercial production, the Company is required to pay an annual base rent equal to 2.5% of the net profit from production. The Company is also required to pay additional access payments in the aggregate amount of USD$16,500,000 if certain conditions are satisfied.

(Expressed in Canadian Dollars)

Summary of Expenditures

Below is a summary of the changes in the exploration and evaluation assets during the year ended December 31, 2020 and the period from inception on July 24, 2019 to December 31, 2019:

	Idaho Copper Belt Claims	**Corcoran Canyon Silver Project**	**Emily Manganese Project**	**Total**
	$	**$**	**$**	**$**
Balance, July 24, 2019	**-**			**-**
Acquisition and exploration costs incurred in cash	48,218	-	-	48,218
Impairment	(48,218)	-	-	(48,218)
Balance, December 31, 2019	-	-	-	-
Asset acquisitions (Notes 4 and 5)	-	1,227,060	770,442[1]	1,997,502
Acquisition costs incurred in cash	-	204,828	588,262	793,090
Consulting (Note 8)	-	1,082,825	12,273	1,095,098
Permitting, sampling, assays and surveys	-	6,661	-	6,661
Site visits	-	18,576	20,130	38,706
Staking	-	159,033	-	159,033
Foreign exchange	-	(16,714)	(30,950)	(47,664)
Balance, December 31, 2020	**-**	**2,682,269**	**1,360,157**	**4,042,426**

(1) NSM incurred total costs of USD$28,799 related to a 43-101 technical report prior to the Company's acquisition of NSM.

In accordance with the Company's policy, exploration and evaluation expenditures incurred prior to the date of acquisition of a project have been expensed during the year ended December 31, 2020 and the period from inception on July 24, 2019 to December 31, 2019 as follows:

	Year ended December 31, 2020	**Period from inception on July 24, 2019 to December 31, 2019**
	$	
Acquisition costs incurred in cash	18,705	6,815
Consulting	1,720	-
Site visits	152,020	100,887
	172,445	**107,702**

(Expressed in Canadian Dollars)

7. LOANS FROM RELATED PARTIES

During the period from inception on July 24, 2019 to December 31, 2019, the Company incurred unpaid director fees of $85,291 and made payments of $58,404, resulting in net balance owing of $26,887 to the CEO of the Company. During the year ended December 31, 2020, the Company received additional advances totaling $18,577 from the CEO. The loan is non-interest bearing, due on demand, unsecured and has no maturity date. The balance of the loan payable is $48,746 as at December 31, 2020 (2019 – $26,887).

On May 25, 2020, the Company entered into a loan agreement with a company owned by the CEO of the Company. A maximum principal amount of AUD$100,000 is secured by the Corcoran Canyon Claims owned by the Company in Nevada, USA, bears interest at 7.5% per annum payable monthly in arrears and is due on June 30, 2021. Any balance owing greater than AUD$100,000 is non-interest bearing and unsecured. The balance of the loan payable is $201,070 as at December 31, 2020 (2019 - $Nil).

On June 11, 2020, the Company entered into a loan agreement with a shareholder and Director of the Company for maximum proceeds of USD$100,000. The loan is secured by the Corcoran Canyon Claims owned by the Company in Nevada, USA, bears interest at 12% per annum payable monthly in arrears, and is due on June 30, 2021. The balance of the loan payable is $135,596 as at December 31, 2020 (2019 - $Nil).

On August 20, 2020, the Company entered into a loan agreement with a Director of the Company for maximum proceeds of AUD$100,000. The loan is secured by the Corcoran Canyon Claims owned by the Company in Nevada, USA, bears interest at 7.5% per annum payable monthly in arrears, and is due on June 30, 2021. The Company incurred borrowing costs of $19,280 with respect to the loan. The balance of the loan payable is $100,878 as at December 31, 2020 (2019 - $Nil).

	$
Balance, July 24, 2019	-
Loan proceeds	26,887
Balance, December 31, 2019	26,887
Loan proceeds	424,338
Interest expense	18,767
Foreign exchange	16,298
Balance, December 31, 2020	486,290

8. SHARE CAPITAL

a) Authorized – Unlimited common shares without par value.

b) Issued and outstanding – 43,820,020 common shares (2019 – 10,000,000 common shares)

c) Financings

On July 24, 2019, the Company issued one common share at a price of $1.00 per share.

On November 20, 2019, the common share of the Company was split into 9,999,999 additional common shares.

On April 20, 2020, the Company issued 9,900,000 common shares for 77.5% of NSM. The fair value of these shares was $68,180. The Company also issued 2,000,000 common shares as finder's fees valued at $13,773, which were issued to a shareholder and Director of the Company. Refer to Note 5.

On April 30, 2020, the Company issued 3,000,000 common shares at a price of USD$0.05 per share for total cash proceeds of $208,353 (USD$150,000), of which $156,752 was received during the period ended December 31, 2019.

On May 8, 2020, the Company issued 5,159,744 common shares for all of the issued and outstanding securities of NAS. The fair value of these shares was $1,078,094. The Company also issued 429,425 common shares as retention payments to officers, directors and consultants of Centennial Mining Inc. and 5,130,511 common shares for consulting services relating to the exploration and evaluation assets. The fair value of 429,425 common shares was $89,725 and has been recorded as share-based compensation. The fair value of 5,130,511 common shares was $1,071,986 and has been recorded as expenditures on exploration and evaluation assets. Refer to Notes 4 and 6.

On May 8, 2020, the Company issued 1,000,000 common shares at a price of USD$0.15 per share for total cash proceeds of $211,246 (USD$150,000).
On May 8, 2020, the Company issued 925,000 common shares for services received. The fair value of these shares was $193,273 and was recognized in profit or loss during the year.

On June 2, 2020, the Company acquired the remaining 22.5% of NSM by issuing 2,875,000 common shares. The fair value of these shares was $584,990. Refer to Note 5.

On August 5, 2020, the Company issued 166,000 common shares at a price of USD$0.15 per share for total cash proceeds of $33,167 (USD$24,900).

On August 13, 2020, the Company issued 95,920 common shares at a price of USD$0.15 per share for total cash proceeds of $18,984 (USD$14,388).

On September 11, 2020, the Company issued 2,534,920 common shares at a price of USD$0.15 per share for total cash proceeds of $506,285 (USD$380,238). The Company incurred cash share issue costs of $33,020 and issued 503,500 common shares in connection with these shares issued with a fair value of $100,025.

On September 11, 2020, the Company issued 100,000 common shares with a fair value of $19,280 to a Director as settlement for loan borrowing costs, pursuant to a loan agreement entered into on August 20, 2020 with a Director of the Company. Refer to Note 7.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, $2,666,389 at December 31, 2020 (2019 - $(403,918)).

The Company manages the 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 its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any external capital requirements.

10. FINANCIAL INSTRUMENTS

For financial instruments held by the Company, management classifies cash as FVTPL and accounts payable and accrued liabilities and loans from related parties as amortized cost.

a) Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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.

As at December 31, 2020, the Company believes that the carrying amounts of accounts payable and accrued liabilities and loans from related parties approximate their fair values because of their nature and relatively short maturity dates or durations. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

b) Management of risks arising from financial instruments

Discussion of risks associated with financial assets and liabilities are detailed below:

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with a reputable Australian bank. The credit risk related to cash is considered minimal.

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company's interest-bearing financial instruments have fixed interest rates. The Company is also exposed to the risk of variation in the fair value resulting from fluctuations in interest rates, however the impact is not material.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

Foreign currency risk
Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. Amounts subject to currency risk are primarily cash, offset by accounts payable and accrued liabilities and loans from related parties denominated in foreign currencies. The Company raises funds in US dollars and primarily spends funds in Australian dollars and US dollars. The Company is exposed to currency risk primarily on settlements of purchases that were denominated in currencies other than the Australian dollar. In order to reduce the Company's exposure to currency risk, the Company periodically increases or decreases the amount of funds held in foreign currencies.

The sensitivity of the Company's net loss to changes in the exchange rate between the Australian and US dollar would be as follows: a 10% change in the US dollar exchange rate relative to the Australian dollar would change the Company's net loss by approximately $16,000.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

The Company incurred charges to Directors and Officers, or to companies associated with these individuals, during the year ended December 31, 2020 and the period from inception on July 24, 2019 to December 31, 2019:

	2020 $	**2019** $
Directors fees	294,819	356,982
Professional fees	13,598	-
Borrowing costs	19,280	-
	327,697	356,982

The amounts due to related parties at December 31, 2020 are $90,328 owing to a Director and a company in which the CFO of the Company is a shareholder. The amounts due to related parties are included in accounts payable and accrued liabilities.

During the year ended December 31, 2020, compensation paid to key management personnel consisted of director fees of $294,819 (2019 – $356,982) and professional fees of $13,598 (2019 – $nil) charged by a company in which the CFO of the Company is a shareholder.

On June 2, 2020, the Company acquired 100% of NSM by pursuant to the terms of a share exchange agreement (the "NSM Agreement"). Prior to the acquisition, a shareholder and Director of the Company owned 5,750,000 NSM shares, representing approximately 45.01% of the total outstanding NSM shares and received an equivalent number of the Company Shares on completion of the NSM acquisition. In addition, the Company issued 2,000,000 common shares to the Director as finder's fees for identifying the opportunity for the Company to acquire the Emily Project.

Other related party transactions are disclosed in Note 7.

12. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the period ended December 31, 2019, no transactions were excluded from the consolidated statement of cash flows.

(Expressed in Canadian Dollars)

During the year ended December 31, 2020, the following transactions were excluded from the consolidated statement of cash flows:

- the Company issued 12,775,000 common shares for all of the issued and outstanding securities of NSM. Fair value of these shares was $653,170. The Company also issued 2,000,000 common shares as finder's fees valued at $13,773 (Note 5);
- the Company issued 5,159,744 common shares for all of the issued and outstanding securities of NAS. Fair value of these shares was $1,078,094 (Note 4);
- the Company issued 5,130,511 common shares for consulting services relating to exploration and evaluation assets. Fair value of these shares was $1,071,986 (Note 6); and
- capitalized exploration and evaluation costs of $552,564 included in accounts payable and accrued liabilities as at December 31, 2020.

13. INCOME TAXES

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

	Year Ended December 31, 2020	**From inception on July 24, 2019 to December 31, 2019**
Statutory tax rate	**27.5%**	27.5%
	$	$
Income before income taxes	(928,274)	(399,359)
Expected income tax expense at statutory rate	(255,275)	(109,824)
Difference in tax rates and foreign exchange	(12,185)	-
Tax effect of non-deductible expenses	16,446	2,355
Deferred tax expense from temporary differences	(24,932)	(42)
Deferred tax asset not recognized	275,946	107,511
Income tax recovery	-	-

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

	2020	**2019**
	$	**$**
Carried forward tax losses	342,725	107,511
Financing and share issuance costs	79,711	-
Unrecognized deferred income tax assets	(422,436)	(107,511)
Net deferred tax asset	-	-

(Expressed in Canadian Dollars)

As at December 31, 2020, the Company has tax losses in Australia of approximately $1,062,000 and tax losses in USA of approximately of $241,000 which may be carried forward indefinitely and applied against future assessable income. Future tax benefits, which may arise as a result of these losses have not been recognized in these consolidated financial statements.

14. SEGMENT INFORMATION

During the year ended December 31, 2020, the Company had one reportable operating segment, being the acquisition and exploration of interests in mineral properties. The Company has operations located in two geographical segments, USA and Australia. Geographic information is as follows:

	Total non-current assets as at December 31, 2020	**Total non-current assets as at December 31, 2019**
	$	**$**
USA	4,042,426	-
Australia	-	-
Total non-current assets	4,042,426	-

	Loss for the year ended December 31, 2020	**Loss for the period from inception on July 24, 2019 to December 31, 2019**
	$	**$**
USA	43,227	-
Australia	885,047	399,359
Total net loss	928,274	399,359

15. PROPOSED TRANSACTION

On December 31, 2020, the Company entered into a definitive scheme implementation agreement (the “Arrangement Agreement”) with NBS Capital Inc. ("NBS"), to effect an arm's length transaction that will result in a reverse takeover of NBS by the Company (the "Proposed Transaction").

As a result of the Proposed Transaction, it is expected that the Company will become a wholly-owned subsidiary of NBS (the "Resulting Issuer" following completion of the Proposed Transaction). Pursuant to the Arrangement Agreement, the Transaction will be effected by way of a share exchange effected pursuant to a court-supervised scheme of arrangement (the “Scheme of Arrangement”) under the laws of Australia (the "Arrangement"), whereby NBS will acquire all of the issued and outstanding common shares of the Company.

The Company and NBS anticipate that upon on closing of the Proposed Transaction, the Resulting Issuer will meet the TSXV's initial listing requirements for a Tier 1 or Tier 2 mining issuer.

Name Change and Consolidation
On or immediately prior to the completion of the Proposed Transaction, it is anticipated that: (i) NBS will effect a name change to "Nevada Silver Corporation" (the "Name Change"); and (ii) NBS will consolidate its issued and outstanding shares by a factor of 0.73271 to arrive at 6,250,000 NBS common shares on closing of the Proposed Transaction assuming all NBS Stock Options and Agent's Warrants are exercised (the "Consolidation").

Concurrent Financing
In conjunction with the Proposed Transaction, the Company and NBS have completed a non-brokered private placement (the “Concurrent Financing”) of subscription receipts (the “Subscription Receipts”) in multiple tranches for aggregate gross proceeds of $4,750,595 to date, at a price of $0.33 per Subscription Receipt. Pursuant to the Concurrent Financing, as at the date of issuance of these consolidated financial statements, the Company has issued a total of 12,402,227 Subscription Receipts for proceeds of $4,092,735, and NBS has issued a total of 1,993,516 Subscription Receipts for proceeds of $657,860. The Company and NBS in aggregate can issue up to 15,151,515 Subscription Receipts for maximum proceeds of $5,000,000.

Each Subscription Receipt shall entitle the holder to receive, without payment of additional consideration, one common share of the Resulting Issuer (each, an "Underlying Share") and one-half of one common share purchase warrant of the Resulting Issuer (each whole such warrant, an "Underlying Warrant"). Each whole Underlying Warrant will entitle the holder to acquire one share of the Resulting Issuer at an exercise price of $0.60 per share for a period of two years from the closing of the Proposed Transaction (the "Warrant Expiry Date"). The Resulting Issuer will be entitled to accelerate the Warrant Expiry Date upon notice to the Underlying Warrant holders should the closing price of the shares of the Resulting Issuer on the TSXV be greater than $1.00 for twenty consecutive trading days.

In connection with the Proposed Transaction, it is anticipated that NBS shall issue up to 43,820,020 post-Consolidation NBS Common Shares to the shareholders of the Company, on a pro-rata basis, in exchange for all of the issued and outstanding securities of the Company. The number of post-Consolidation NBS Common Shares to be issued may be adjusted depending on the final consolidation ratio determined by the parties to be appropriate in connection with the Proposed Transaction.

Loan
Subsequent to December 31, 2020, NBS advanced an unsecured loan of $25,000 to the Company in order for the Company to continue operations and satisfy property payments and other obligations during the process of completing the Proposed Transaction. The loan is evidenced by a promissory note, which contained customary events of default, including the termination of the Arrangement Agreement. the Company is entitled to prepay all or any part of the principal amount outstanding at will without notice, bonus or penalty, and NBS may call the amount outstanding thereunder on written notice of an event of default to the Company.