

PRIME MERIDIAN RESOURCES CORP.

Consolidated Financial Statements

Year Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Prime Meridian Resources Corp.:

Opinion

We have audited the consolidated financial statements of Prime Meridian Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income (loss), cash flows and changes in deficit for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events and conditions that indicate 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this audited report. If, based on the work we have performed on this other information, 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 Barry Hartley.

DML

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 30, 2021

PRIME MERIDIAN RESOURCES CORP.

Consolidated Statements of Financial Position

As at December 31, 2020 and 2019

Expressed in Canadian Dollars

	Notes	December 31, 2020	December 31, 2019
ASSETS			
Current Assets			
Cash		\$ 2,414	\$ 279
Prepaid expenses		8,803	34,000
Marketable securities	6	7,500	1,500
		18,717	35,779
Long-term Assets			
Exploration and evaluation assets	9	80,150	13,500
Total Assets		\$ 98,867	\$ 49,279
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current Liabilities			
Accounts payable	10,11	\$ 1,190,742	\$ 2,681,534
Accrued liabilities	11	201,766	713,236
Other payables	7	1,654,524	-
Short-term loans	8	1,022,668	1,583,838
Share subscription received	12	273,412	39,059
		4,343,112	5,017,667
Shareholders' deficit			
Share capital	12	7,944,041	7,930,041
Obligation to issue shares	7	-	10,500
Contributed surplus	13	2,113,115	2,096,425
Accumulated other comprehensive loss		(378,352)	(397,362)
Deficit		(13,923,049)	(14,607,992)
		(4,244,245)	(4,968,388)
Total Liabilities and Shareholders' Deficit		\$ 98,867	\$ 49,279

Nature of operations and going concern (Note 1)

Subsequent events (Note 16)

Approved on behalf of the Board of Directors on April 30, 2021

"Brian Leeners"

Director

"Gregory Pearson"

Director

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

PRIME MERIDIAN RESOURCES CORP.

Consolidated Statements of Comprehensive Income (Loss)

For the Years Ended December 31, 2020 and 2019

Expressed in Canadian Dollars

		For the years ended December 31,	
	Notes	2020	2019
Expenses			
Consulting and management fees	11	\$ 358,197	\$ 401,363
Exploration and evaluation expenditures	9	89,891	716,076
Foreign exchange (gain) loss		(53,967)	(35,860)
Marketing and advertising		34,512	95,767
Rent and administrative services	11	145,535	159,637
Professional fees	11	44,129	18,802
Transfer agent and filing fees		27,393	25,780
Interest expense	8,10	386,451	457,548
Total expenses		1,032,141	1,839,113
Other income (expense)			
Forgiveness of debt	14	1,102,259	19,585
Recovery of amounts previously written-off		-	44,185
Financing expenses	11	-	(35,000)
Unrealized gain on marketable securities	6	6,000	-
Total other income		1,108,259	28,770
Net income (loss) for the year		76,118	(1,810,343)
Other comprehensive income			
Translation of subsidiary to presentation currency		19,010	16,534
Comprehensive income (loss) for the year		\$ 95,128	\$ (1,793,809)
Basic and diluted income (loss) per share		\$ 0.00	\$ (0.07)
Weighted average number of common shares outstanding – basic and diluted		28,917,596	24,668,580

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

PRIME MERIDIAN RESOURCES CORP.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
Expressed in Canadian Dollars

	For the years ended December 31,	
	2020	2019
Cash provided by (used in):		
Operating activities		
Net income (loss) for the year	\$ 76,118	\$ (1,810,343)
Items not affecting cash:		
Foreign exchange	(35,592)	(20,218)
Financing expenses	-	35,000
Unrealized gain on marketable securities	(6,000)	-
Gain on debt settlement	(1,102,259)	(19,585)
Interest expenses	386,452	457,548
Changes in non-cash working capital items:		
Accounts payable	614,366	431,136
Accrued liabilities	(116,500)	556,960
Prepaid expenses	25,197	(34,000)
Net cash used in operating activities	(158,218)	(403,502)
Investing activities		
Exploration and evaluation assets	(45,000)	(13,500)
Net cash used in investing activities	(45,000)	(13,500)
Financing activities		
Loan proceeds	6,000	129,512
Loan repayment	(35,000)	-
Share issuance, net of issuance costs	-	248,127
Share subscriptions received	234,353	39,059
Net cash provided by financing activities	205,353	416,698
Change in cash	2,135	(304)
Cash, beginning	279	583
Cash, ending	\$ 2,414	\$ 279

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

PRIME MERIDIAN RESOURCES CORP.

Consolidated Statements of Changes in Deficit
For the Years Ended December 31, 2020 and 2019
Expressed in Canadian Dollars

	Notes	Number of common shares outstanding	Share capital	Obligation to issue shares	Contributed surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2019		28,852,022	\$ 7,930,041	\$ 10,500	\$ 2,096,425	\$ (397,362)	\$ (14,607,992)	\$ (4,968,388)
Forgiven by related parties	14	-	-	(10,500)	-	-	-	(10,500)
Debt forgiveness by shareholders	14	-	-	-	-	-	608,825	608,825
Property Acquisition	9,12	200,000	14,000	-	-	-	-	14,000
Financing of loan	8	-	-	-	16,690	-	-	16,690
Translation of subsidiary to presentation currency		-	-	-	-	19,010	-	19,010
Income for the year		-	-	-	-	-	76,118	76,118
Balance, December 31, 2020		29,052,022	\$ 7,944,041	- \$	\$ 2,113,115	\$ (378,352)	\$ (13,923,049)	\$ (4,244,245)
Balance, December 31, 2018		21,475,422	\$ 7,198,408	\$ -	\$ 2,061,425	\$ (413,896)	\$ (12,797,649)	\$ (3,951,712)
Shares issued for cash	12	3,141,540	314,154	-	-	-	-	314,154
Shares issued for debt	12	3,251,430	325,143	-	-	-	-	325,143
Shares issued for services	12	983,630	98,363	-	-	-	-	98,363
Share issuance costs	12	-	(6,027)	-	-	-	-	(6,027)
Obligation to issue shares of interest on debt	7, 8,12	-	-	10,500	-	-	-	10,500
Financing of loan	11	-	-	-	35,000	-	-	35,000
Translation of subsidiary to presentation currency		-	-	-	-	16,534	-	16,534
Loss for the year		-	-	-	-	-	(1,810,343)	(1,810,343)
Balance, December 31, 2019		28,852,022	\$ 7,930,041	\$ 10,500	\$ 2,096,425	\$ (397,362)	\$ (14,607,992)	\$ (4,968,388)

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

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

Expressed in Canadian Dollars

1. Nature of operations and going concern

Prime Meridian Resources Corp. (“the Company” or “PMR”) was federally incorporated on February 22, 2007 and is a public company listed on the TSX Venture Exchange (“TSX-V”). The corporate head office of the Company is located at 14th Floor, 1040 West Georgia Street, Vancouver, B.C., V6E 4H8.

The Company is in the process of exploring and evaluating resource properties. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, successfully permitting, the ability of the Company to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of each resource property.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at December 31, 2020, the Company had no source of revenue and reported income for the year of \$76,118 (December 31, 2019 – loss of \$1,810,343), working capital deficit of \$4,324,395 (December 31, 2019 - \$4,981,888), and has an accumulated deficit of \$13,923,049 (December 31, 2019- \$14,607,992). These factors indicate a material uncertainty that may cast significant doubt over the Company’s ability to continue as a going concern. Management has determined that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company’s ability to complete equity financings and secure project debt financing. It is not possible to predict whether financing efforts will be successful. These consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (“IASB”), applicable to the preparation of financial statements. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Prime Meridian Resources Inc. The Board of Directors approved these consolidated financial statements on April 30, 2021.

b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of Prime Meridian Resources Inc., the Company’s US subsidiary, is the United States dollar (“USD”).

c) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingency liabilities as at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Key critical judgment in applying accounting policies:

Going concern

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company’s ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast significant doubt

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

2. Basis of preparation (continued)

upon the soundness of this assumption. Refer to Note 1 for more details.

Key sources of estimation uncertainty:

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

3. Significant accounting policies

The significant accounting policies of the Company are as follows:

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

b) Foreign currency translation

The functional currency of the parent company is the Canadian dollar, and the functional currency of the subsidiary is the United States dollar.

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statement of comprehensive loss.

Assets and liabilities of the subsidiary with US dollar functional currency is translated at the year end rates of exchange, and the results of its operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in accumulated other comprehensive income as a separate component shareholders' equity.

c) Cash and cash equivalents

Cash is comprised of cash on hand and deposits in banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

d) Exploration and Evaluation Assets

Exploration and evaluation expenses are charged to earnings as they are incurred until the mineral property reaches the development stage. Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be depreciated against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned. From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Because the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded.

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

3. Significant accounting policies (continued)

d) Exploration and Evaluation Assets (continued)

Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

Title to mineral 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 conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge titles to all of its properties are in good standing.

e) Impairment of non-financial assets

Non-financial assets are evaluated at the end of each reporting period by management for indicators that carrying value is impaired and may not be recoverable.

When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its 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 to the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

f) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes Option Pricing Model.

The fair value is estimated at grant date and each tranche is recognized on a graded-vesting basis over the period the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

g) Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing profit or loss attributable to ordinary equity holders (numerator) by the weighted average number of ordinary shares outstanding (denominator) during the period. The denominator is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back during the period, multiplied by a time-weighting factor.

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

3. Significant accounting policies (continued)

g) Earnings (loss) per share (continued)

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS.

h) Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities. Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amount of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled, and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

i) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and 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 debt instruments is driven by the Company's business model for managing the financial assets and their 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.

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

i) Financial instruments (continued)

(i) Classification (continued)

The following table shows the classification of financial assets and liabilities:

<u>Financial assets/liabilities</u>	<u>New Classification</u>
Cash	FVTPL
Marketable securities	FVTPL
Accounts payable/other payables	Amortized cost
Short term loans	Amortized cost
Share subscription received	Amortized cost

(ii) Measurement

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.

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 the statements of loss and comprehensive 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 the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) 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 the statements of loss and comprehensive 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.

(iv) 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.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

i) Financial instruments (continued)

(iv) Derecognition (continued)

Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

j) Adoption and future changes in Accounting Standards

Certain pronouncements were issued by the IASB that are mandatory for accounting years on or after January 1, 2020 or later years. Many are not applicable or do not have significant impact on the Company and have been excluded. The following standard is likely to apply to the Company, has not yet been adopted and is being evaluated to determine its impact.

IAS 1 - Presentation of Financial Statements ("IAS 1") was amended in January 2020 to address inconsistencies with how entities apply the standard over classification of current and non-current liabilities. The amendment addresses whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. This amendment is effective for annual years beginning on or after January 1, 2022. Earlier adoption is permitted. The Company is evaluating the impact of the adoption of this amendment on its financial statements.

Adoption of Accounting Standards

The Company has adopted IAS 1 that has been revised to incorporate a new definition of "material" and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, has been revised to refer to this new definition in IAS 1. The amendments were effective for annual years beginning on or after January 1, 2020. This adoption did not have a material effect on the Company.

4. Capital management

The Company's objectives when managing capital are to:

- Ensure there are adequate capital resources to manage the Company's ability to continue as a going concern;
- Maintain adequate levels of funding to sustain the required current investments and any new capital investments;
- Maintain investor, creditor and market confidence to sustain future development of the business; and
- Provide returns to shareholders and benefits for other stakeholders.

The Company classifies its share capital and contributed surplus as capital. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company will continue to assess new investments and seek to acquire an interest in investments if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

5. Financial instruments and financial risk management

a) Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

5. Financial instruments and financial risk management (continued)

a) Fair value (continued)

reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature or bear interest at market rates.

b) Fair value hierarchy

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels 1 and 2 during the year.

The Company's financial instruments carried at amortized cost with the exception of cash and marketable securities. These instruments have been assessed on the fair value hierarchy described above and classified as Level 1.

c) Financial risks

(i) Interest rate risk

Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at December 31, 2020, the Company is not exposed to interest rate risk as its loans bear interest at fixed rates.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in US dollars. The Company had net monetary liabilities totaling \$1,280,767 in US dollars at December 31, 2020. The Company's sensitivity analysis indicates that a change in the absolute rate of exchange in the US dollar by 2% would increase or decrease net income (loss) by \$32,613 for the year ended December 31, 2020.

(iii) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from its receivables. As of December 31, 2020, the Company is not exposed to credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining sufficient cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short term and long-term obligations. At December 31, 2020, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

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6. Marketable securities

In September 2014, the Company received 500,000 units of Bitterroot Resources Ltd., (“Bitterroot”) with a fair value of \$10,000 as partial proceeds on the sale of certain mineral property interests in Baraga Basin, Michigan. Each unit consists of one Bitterroot common share and one warrant, exercisable for two years at \$0.10 per share. During the year ended December 31, 2015, the shares of Bitterroot were consolidated to 10:1, thus the number of shares the Company owns were adjusted to 50,000. Warrants expired unexercised on September 17, 2016.

The common shares are classified as FVTPL. As at December 31, 2020, the fair value of the shares was \$7,500 (December 31, 2019 – \$1,500).

7. Other payables

Subsequent to the year ended December 31, 2020, certain debtor and loan holders agreed to convert their debt into shares subject to regulatory approval. A total of \$1,654,524 has been reclassified from accounts payable, accrued liabilities and short-term loans to other payables.

8. Loans

The continuity of loans is as follows:

December 31, 2018	\$	1,150,854
Additional loans		129,512
Interest accrued		364,194
Debt settlement (Note 12)		(39,728)
Foreign exchange		(20,994)
December 31, 2019		1,583,838
Additional loans		6,000
Loans repaid		(35,000)
Interest accrued		317,556
Interest forgiven (Note 14)		(73,430)
Debt settlement in shares (Note 7)		(705,005)
Interest paid by related party		(16,690)
Foreign exchange		(54,601)
December 31, 2020	\$	1,022,668

As at December 31, 2020, the Company owed total \$1,022,668 (2019 - \$1,583,838), consisting of loan principal of \$826,522 (US\$649,170) (December 31, 2019 - \$783,994/US\$599,063) from non-related parties and interest payable of \$ 196,146 (US\$154,057) (December 31, 2019 - \$799,844/US\$628,216). All of the loans accrue interest at a rate of 3% per quarter, except for one loan which accrues interest at 9% per quarter.

During the year ended December 31, 2020, the Company and certain debt holders agreed to settle interest payable of \$705,005 (US\$553,727) through issuance of 7,050,051 common shares at a deemed price of \$0.10 per share, and entered into new loan agreements which accrue interest at a rate of 12% per annum on a 24-month term (Note 7). The common shares have not been issued and have been recorded as other payables and are subject to regulatory approval.

During the year ended December 31, 2019, the Company received five additional loans for a total of \$129,512, which bear interest at 10% over the 90-day term and penalty interest at 20% every 30 days from maturity date until paid. Two of these loans charge interest over the 90-day period at 150,000 common shares of the Company at fair value of \$10,500. During the year ended December 31, 2019, the common shares pursuant to the interest expense have not been issued and have been recorded as obligation to issue shares (Note 14).

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Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

8. Loans (continued)

During the year ended December 31, 2019, the Company settled \$39,728 of outstanding loan obligation through issuance of 251,430 common shares at \$0.10 per share (Note 12). A gain on debt settlement of \$14,585 was recognized.

As at December 31, 2019, \$1,496,808 of these loans are denominated in US Dollars (US \$1,138,600) and British Pounds (GBP 10,478).

9. Exploration and Evaluation Assets

	Bruce and Camping Lake	Kelly Palladium	Pakwash, Red Lake	Total
Balance, December 31, 2018	\$ -	\$ -	\$ -	\$ -
Acquisition costs	13,500	-	-	13,500
Balance, December 31, 2019	13,500	-	-	13,500
Acquisition costs (shares) (Note 12)	14,000	-	-	14,000
Acquisition costs (cash)	12,000	30,000	10,650	52,650
Balance, December 31, 2020	\$ 39,500	\$ 30,000	\$ 10,650	\$ 80,150

Bruce and Camping Lake, Ontario

On September 23, 2019, the Company entered into an option agreement with 15444230 Ontario Inc., pursuant to which the Company has an option to acquire two sets of mineral claims in the Bruce Lake area and the Camping Lake area, both in the Red Lake mining district in Ontario. In consideration, the Company will issue 400,000 shares and make payments totalling \$25,500 in the first year. Additional payments totalling \$61,000 are due over the following three years. The acquisition is subject to a 1.5% net smelter royalty, of which 0.75% can be purchased by the Company for \$500,000. The option agreement has been approved by TSX-V.

Payment schedule as follows:

	Cash	Shares
Upon signing (paid)	\$ 13,500	-
Upon TSX-V acceptance (issued*)	-	200,000
1 st anniversary (paid and issued) (Note 12)	12,000	200,000
2 nd anniversary	16,000	-
3 rd anniversary	20,000	-
4 th anniversary	25,000	-
	\$ 86,500	400,000

*An Arm's length shareholder contributed 200,000 of the Company's shares it owned to the optionor.

Kelly Palladium, Ontario

During the year ended December 31, 2020, the Company entered into an agreement to acquire a 100% ownership in the Kelly Palladium Project in Ontario. The Company will make a cash payment of \$30,000 (paid) to the vendor to complete the purchase, which is subject to a 1% net smelter royalty in favour of the vendor. The Company has the exclusive right to buy the royalty from the vendor for \$500,000.

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Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

9. Exploration and Evaluation Assets (continued)

Pakwash, Red Lake, Ontario

During the year ended December 31, 2020, the Company entered into acquired a 100% ownership in three mineral interest claims on the western shore of Pakwash Lake in the Red Lake Mining District of Ontario. The Company paid an one-time payment of \$10,650 subject to a 1% royalty in favour the vendor that can be purchased by the company for \$500,000.

Tango, Mexico

During the year ended December 31, 2018, the Company entered into a binding term sheet for an option to purchase a 100% interest in the Tango gold project in Southern Sinaloa State, Mexico. The Company recorded acquisition costs of \$99,428 (2018 - \$nil) and exploration expenditures of \$602,633 for the year ended December 31, 2019. On March 20, 2020, the Company and the owners of the Tango property mutually agreed to terminate the property agreement. The property was fully impaired at December 31, 2019.

10. Payable to Domus Management Ltd.

Included in accounts payable is an amount payable to Domus Management Ltd (“Domus”), a non-related company. During the year ended December 31, 2018, the Company was notified by Domus and Primrose Drilling Ltd. (“Primrose”), that the debt owed to Primrose was assigned to Domus. Domus and the Company agreed to the following terms for repayment of the debt:

The Company shall pay US\$200,000 on or before September 30, 2018 with the balance (US\$310,880) being paid without interest by way of installments of US\$50,000 on October 31 of each year starting on October 31, 2018 until the full debt is retired. As long as the installments are paid in full and on time, no interest will be charged on the debt.

In the event that the debt is not brought current by September 30, 2018, the interest will commence September 30, 2018 at a rate of 10% per year compounded annually.

In the event the debt is not repaid in terms of the above at October 31, 2018, the debt becomes due on demand and bears interest at 10% compounded annually.

As at December 31, 2020, the Company owed \$650,452 (US\$510,288) (2019 \$669,462 (US\$510,288)) in principal and \$153,266 (US\$120,379) (2019 - \$84,371 (US\$64,961)) in interest payable to Domus. During the year ended December 31, 2020, the Company incurred interest in the amount of \$68,895 (2019 - \$67,095).

The debt repayments, as noted above, were not made and consequently the debt is due on demand and bears interest at 10% compounded annually.

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11. Related party transactions

The Company entered into transactions, including compensation of key management, with the following related parties:

Name	Relationship	Nature of Transaction	Fees incurred year ended December 31, 2020	Fees incurred year ended December 31, 2019	Balance payable at December 31, 2020	Balance payable at December 31, 2019
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners is a shareholder	Rent and corporate services	\$ 120,000	\$ 120,000	\$ 193,375	\$ 474,500
Brian Leeners	Chief executive officer and director	Management services	120,000	120,000	310,000	501,600
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	120,000	120,000	287,000	481,225
Gordorn J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation	Legal services	18,881	12,067	134,844	118,463
Tyler Thorburn	Director	Consulting	-	98,363	-	-
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	58,000	42,000	204,952	149,200
CBDS Health Inc.	Director	Corporate services	-	-	4,000	-
			\$ 436,881	\$ 512,430	\$ 1,134,171	\$ 1,724,988

Balances owing are included in accounts payable and accrued liabilities, due on demand, unsecured, non-interest bearing and have no specified terms of repayment. During the year ended December 31, 2019, Nexvu Services Inc. issued 250,000 common shares of the Company pursuant to finance fees of loans (Note 8). The fair value of the shares is \$35,000 and recorded in contributed surplus.

During the year ended December 31, 2020, certain directors, officers and companies owned by directors and/or officers, agreed to forgive \$991,984 in debt (Note 14).

12. Share capital

Authorized: Unlimited common voting shares, without par value.

During the year ended December 31, 2020, the Company received \$234,353 (2019 - \$39,059) towards future private placements. As at December 31, 2020, the Company had received subscription funds in the amount of \$273,412 (December 31, 2019 - \$39,059) to be applied towards a future private placement (Note 16). The Company classified these funds as loans based on the terms of the subscription agreements.

During the year ended December 31, 2020, the Company issued 200,000 common shares with a fair value of \$14,000 pursuant to the Bruce and Camping Lake property (Note 9).

During the year ended December 31, 2019, the Company issued 7,376,600 units, with each unit consisting of one common share and one common share purchase warrant. The cash proceeds received was \$314,154. Each warrant entitles the holder to acquire one additional common share at a price of \$0.30 per share for a 12-month period from closing, subject to the right

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Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

12. Share capital (continued)

of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above \$0.50 for a period of 10 consecutive trading days. The Company incurred \$6,027 in share issuance costs.

Included in the above issuance during 2019, the Company settled the principal and accrued interest on a loan in the amount of \$39,728 (GBP 24,300) (Note 8) for 251,430 common shares at \$0.10 per share, resulting in a gain of \$14,585 and 3,000,000 common shares at \$0.10 per share for non-interest bearing amounts due to a related party. The private placement also included issuance of 983,630 common shares for \$98,363 in consulting services provided by a director of the Company.

13. Options and warrants

a) Stock options

The Company has adopted an incentive stock option plan (the "SOP"), as amended, under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the SOP, the option exercise price of any option granted shall be equal to the greater of either the amount designated by the administrator at the time of grant, or the discounted market price of the Company's common shares for the 10 trading days immediately preceding the day on which the TSX-V received notice that options have been granted under this SOP. For the purpose of the SOP, the discounted market price is calculated in accordance with the policies of the TSX-V at the time of grant of the options. The administrator may also determine that the option exercise price per common share may escalate at a specified rate or rates. The options can be granted for a maximum term of 5 years and vest immediately. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSX-V, shares issued upon the exercise of options are restricted from trading during the 4-month period subsequent to the exercise of the options. For stock options granted to employees, officers, directors and consultants, the Company recognizes stock-based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes Option-Pricing Model on the date of the grant.

No stock options were issued by the Company during the years ended December 31, 2020 and 2019, and no stock options are outstanding as at December 31, 2020 and 2019.

b) Warrants

During the year ended December 31, 2020, the Company did not issue and share purchase warrants.

During the year ended December 31, 2019, the Company issued 7,376,600 share purchase warrants. Each warrant entitles the holder to acquire one additional common share at a price of \$0.30 per share for a 12-month period from closing, subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above \$0.50 for a period of 10 consecutive trading days. These warrants expired on July 26, 2020 unexercised.

As at December 31, 2020, there are no warrants outstanding (December 31, 2019 – 7,376,600).

c) Contributed Surplus

The contributed surplus records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

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Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

14. Forgiveness of debt

During the year ended December 31, 2020, the Company entered into a Termination Notice agreement dated March 20, 2020 with Minera Camargo S.A. DE C.V. (optionor) in relation to the Tango gold project in Southern Sinaloa State, Mexico (Note 9). Due to termination of the Purchase Option Agreement, the optionor forgave a total of \$603,630 in accounts payable and accrued liabilities.

During the year ended December 31, 2020, the Company was forgiven a total of \$73,430 in accrued interest from a number of loan lenders during the process of renewing loan terms. (Note 8)

During the year ended December 31, 2020, the Company was forgiven a total of \$1,034,024 from its creditors in accounts payable and obligation to issue shares, out of which \$608,825 are related to balance due to shareholders.

As a result, \$1,102,259 was recorded as forgiveness of debt on consolidated statements of comprehensive income for the year ended December 31, 2020 and \$608,825 was attributed to deficit.

During the year ended December 31, 2019, the Company was forgiven \$5,000 from one creditor for its outstanding accounts payable. The Company also recognized a gain of \$14,585 on loan settlement with shares (Note 8).

15. Income taxes

The following table reconciles the expected income tax payable at the Canadian federal and provincial statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the years ended December 31, 2020 and 2019. The presentation of the prior year income tax note has been updated to conform with the current year presentation.

	December 31, 2020	December 31, 2019
Net income (loss) before tax	\$ 76,118	\$ (1,810,343)
Statutory tax rate	27%	27%
Expected income payment (recovery)	20,552	(488,793)
Debt forgiveness by shareholders	164,383	-
Non-deductible items	104,342	132,988
Effect of foreign exchange rates	24,275	40,554
Share issuance costs	-	(1,627)
Foreign tax rate difference	(1,768)	(3,123)
Others	(125,708)	10,591
Change in deferred tax asset not recognized	(186,076)	309,410
Total income tax (recovery) expense	\$ -	\$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary differences are as follows:

Canada	December 31, 2020	December 31, 2019
Non capital loss carryforwards (Canada)	\$ 3,445,354	\$ 4,152,057
Exploration and evaluation assets	856,331	766,440
Share issuance costs	3,616	4,822
Capital loss carryforwards	8,219	8,219
Other	28,469	28,469
Unrecognized deductible temporary differences	\$ 4,341,989	\$ 4,960,007

USA	December 31, 2020	December 31, 2019
Net operating loss	\$ 1,504,276	\$ 1,534,522
Exploration and evaluation assets	2,733,240	2,788,197
Unrecognized deductible temporary differences	\$ 4,237,516	\$ 4,322,719

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Notes to the Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019 Expressed in Canadian Dollars

15. Income taxes (continued)

South Africa	December 31, 2020	December 31, 2019
Net operating loss	\$ 69,001	\$ 73,708
Unrecognized deductible temporary differences	\$ 69,001	\$ 73,708

The Company has non-capital loss carryforwards of \$3,445,354 (2019 - \$4,152,057) which may be carried forward to apply against future income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of Expiry	Taxable Loss
2027	\$ 19,881
2028	192,699
2029	126,975
2030	160,385
2031	112,379
2032	166,416
2033	162,746
2034	421,514
2035	497,971
2036	536,780
2037	327,172
2038	720,436
Total	\$ 3,445,354

In addition, the Company has capital losses of \$8,219, which may be carried forward indefinitely to reduce future income tax gains.

The Company has net operating loss carryforwards of \$1,504,274 (2019 - \$1,534,520) which may be carried forward to apply against future income tax for US tax purposes, as follows:

Year of Expiry	Taxable Loss
2024	\$ 142,454
2025	128,063
2026	376,004
2027	332,167
2028	132,507
2029	110,992
2030	206,417
2031	62,929
2034	12,283
2035	458
Total	\$ 1,504,274

The Company has net operating loss carryforwards of \$69,001 (2019 - \$73,708) which may be carried forward to apply against future income tax for South African tax purposes, as follows:

Year of Expiry	Taxable Loss
2037	\$ 69,001
Total	\$ 69,001

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16. Subsequent events

- a) On January 29, 2021, the Company granted 5,500,000 incentive stock options to various directors, officers, and consultants of the Company. The stock options have an exercise price of \$0.10 per share and expiry no later than January 29, 2026.
- b) On February 8, 2021, the Company completed a non-brokered private placement for gross proceeds of \$998,922. The Company issued 19,978,435 units, each unit consisting of one common share and one-half of a common share purchase warrant, each full warrant being exercisable at \$0.15 for 12 months from closing, subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above \$0.25 for a period of 10 consecutive trading days.

The Company issued 308,000 broker units and paid cash finder fees totalling \$40,800.

- c) In February 2021, the Company entered into a number of loan conversion agreements to settle outstanding accounts payable and loan obligations of \$906,119 through the issuance of 4,530,595 shares for debt at a deemed price of \$0.20 per share. These issuances will also be subject to receipt of all necessary corporate and regulatory approvals, including the approval of the TSX-V.
- d) On April 23, 2021, the Company closed a non-brokered private placement financing for gross proceeds of \$143,963. The Company issued 1,439,630 units, with each unit consisting of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of \$0.15 per share for 12 months. The warrants are subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above \$0.25 for a period of 10 consecutive trading days. Finders' fees consisting of 14,000 units are being paid in relating to the financing.