TYMBAL RESOURCES LTD.

Financial Statements

Years Ended January 31, 2021 and 2020

(Expressed in Canadian dollars)

SATURNAGROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tymbal Resources Ltd.

Opinion

We have audited the financial statements of Tymbal Resources Ltd. (the "Company"), which comprise the statements of financial position as at January 31, 2021 and 2020, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021 and 2020, 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 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 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 in the financial statements, which indicates that the Company has not generated any revenues, incurred negative cash flows from operations, and incurred a net loss of $409,806 during the year ended January 31, 2021 and, as of that date, the Company has a working capital deficit of $3,124,245 and an accumulated deficit of $11,127,209. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, 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. If, based on the work we have performed, 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 Henry Chow.

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

May 26, 2021

TYMBAL RESOURCES LTD.
Statements of Financial Position
(Expressed in Canadian dollars)

	January 31, 2021 $	January 31, 2020 $
Assets		
Current assets		
Cash	1,404	194,037
Amounts receivable	1,788	5,049
Prepaid expenses and deposits	25,731	25,731
Total current assets	28,923	224,817
Non-current assets		
Exploration and evaluation assets (Note 3)	165,217	164,717
Total assets	194,140	389,534
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4, 5, and 6)	2,216,668	2,002,256
Loans payable (Note 5)	936,500	936,500
Total liabilities	3,153,168	2,938,756
Shareholders' deficit		
Share capital	8,160,581	8,160,581
Share-based payment reserve	7,500	7,500
Deficit	(11,127,109)	(10,717,303)
Total shareholders' deficit	(2,959,028)	(2,549,222)
Total liabilities and shareholders' deficit	194,140	389,534

Nature of business and continuing operations (Note 1)
Contingency (Note 12)

Approved and authorized for issuance on behalf of the Board on May 26, 2021:

/s/ "Hayden Ross"
Hayden Ross, Director

/s/ "Sammy Cheng"
Sammy Cheng, Director

(The accompanying notes are an integral part of these financial statements)

TYMBAL RESOURCES LTD.
Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended January 31, 2021 $	Year ended January 31, 2020 $
Expenses		
Accounting and audit	8,500	7,000
Administration fees (Note 6)	43,560	43,560
Business development	–	19,200
Consulting fees	19,200	9,600
Directors' fees (Note 6)	–	5,250
Mineral tenure litigation (Note 12)	20,472	129,693
Office and general (Note 6)	62,595	69,295
Regulatory compliance	43,200	43,200
Rent	18,000	24,684
Transfer agent and filing fees	9,800	18,207
Travel	8,172	10,794
Total expenses	233,499	380,483
Loss before other expense	(233,499)	(380,483)
Other expense		
Interest expense (Notes 4 and 5)	(176,307)	(232,306)
Net loss and comprehensive loss	(409,806)	(612,789)
Loss per share, basic and diluted	(0.01)	(0.02)
Weighted average number of common shares outstanding	33,826,273	29,894,766

(The accompanying notes are an integral part of these financial statements)

TYMBAL RESOURCES LTD.
Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment		
	Number of shares	Amount $	reserve $	Deficit $	Total $
Balance, January 31, 2019	28,826,273	7,919,331	7,500	(10,104,514)	(2,177,683)
Shares issued pursuant to private placement	5,000,000	250,000	–	–	250,000
Share issuance costs	–	(8,750)	–	–	(8,750)
Net loss for the year	–	–	–	(612,789)	(612,789)
Balance, January 31, 2020	33,826,273	8,160,581	7,500	(10,717,303)	(2,549,222)
Net loss for the year	–	–	–	(409,806)	(409,806)
Balance, January 31, 2021	33,826,273	8,160,581	7,500	(11,127,109)	(2,959,028)

(The accompanying notes are an integral part of these financial statements)

TYMBAL RESOURCES LTD.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended January 31, 2021 $	Year ended January 31, 2020 $
Operating activities		
Net loss	(409,806)	(612,789)
Changes in non-cash working capital items:		
Amounts receivable	3,261	(1,871)
Prepaid expenses and deposits	–	(731)
Accounts payable and accrued liabilities	214,412	337,344
Net cash used in operating activities	(192,133)	(278,047)
Investing activities		
Exploration and evaluation asset expenditures	(500)	(500)
Net cash used in investing activities	(500)	(500)
Financing activities		
Proceeds from loans payable	–	224,000
Proceeds from issuance of common shares	–	250,000
Share issuance costs	–	(8,750)
Net cash provided by financing activities	–	465,250
Change in cash	(192,633)	186,703
Cash, beginning of year	194,037	7,334
Cash, end of year	1,404	194,037

(The accompanying notes are an integral part of these financial statements)

1. Nature of Business and Continuing Operations

Tymbal Resources Ltd. (the "Company") was incorporated under the Canada Business Corporations Act on June 10, 1980, and has continued as a company under the Business Corporations Act of British Columbia. The Company's business objectives are the exploration and evaluation of mineral properties in Canada. The Company is listed on the TSX Venture Exchange and is in the process of exploring its mineral properties. The Company's corporate office and principal place of business is located at Suite 600, 850 West Hastings Street, Vancouver, British Columbia, Canada.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company was not significant to its operations but management continues to monitor the situation to minimize any future impacts.

These financial statements have been prepared on the 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. During the year ended January 31, 2021, the Company has not generated any revenues, incurred negative cash flows from operations, and incurred a net loss of $409,806. As at January 31, 2021, the Company has a working capital deficit of $3,124,245, and an accumulated deficit of $11,127,109. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of compliance and basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions, and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets and unrecognized deferred income tax assets.

2. Significant Accounting Policies (continued)

(b) Use of estimates and judgments (continued)

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amount of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Exploration and evaluation expenditures

(i) Exploration and evaluation expenditures

Asset acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of asset acquisition costs, they are valued at the closing share price on the date of issuance unless the fair value of goods or services received is determinable. Payments relating to assets acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the financial statements upon payment.

Option payments received are treated as a reduction of the carrying value of the related asset until the Company's option and/or royalty payments received are in excess of costs incurred and then are credited to income.

All expenditures related to the cost of exploration and evaluation of assets including acquisition costs for interests in mineral claims are classified and capitalized until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. These costs will be depreciated over the estimated useful life of the property following commencement of commercial production.

The Company has taken steps, in accordance with industry standards, to verify mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its properties is properly recorded in the name of the Company when all terms of agreements have been met, there can be no assurance that such title will ultimately be secured.

2. Significant Accounting Policies (continued)

(d) Exploration and evaluation expenditures

(ii) Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carry amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of operations.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired, or is expected to expire;
- Adverse changes in the taxation, regulatory, or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of operations.

(e) Reclamation and remediation provisions

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant, and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant, and equipment. These costs are depreciated using either the unit-of-production or straight-line method, depending on the asset to which the obligation relates.

2. Significant Accounting Policies (continued)

(e) Reclamation and remediation provisions (continued)

The obligation is increased for accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(f) Financial instruments

Classification and measurement – initial recognition

On initial recognition, all financial assets and liabilities are classified and recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL").

Classification and measurement – subsequent to initial recognition

Subsequent measurement of financial assets and liabilities depends on their classification and measurement basis.

Financial Assets

Subsequent to initial recognition, financial assets are measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss, depending on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that do not meet the above conditions are classified as fair value through profit or loss. The Company's cash and amounts receivable are measured at amortized cost.

Financial Liabilities

Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless designated as fair value through profit or loss. The Company's accounts payable and accrued liabilities and loans payable are measured at amortized cost.

2. Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Impairment of Financial Assets

The Company applies the expected credit loss ("ECL") model to its financial assets measured at amortized cost. Under the ECL model, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Upon recognition of a financial asset, 12-month ECLs are recognized in the statement of operations and a loss allowance is established. At each reporting date, if the credit risk associated with a financial asset has increased significantly and is not considered low, lifetime ECLs are recognized in the statement of operations.

(g) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(h) Foreign currency translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

2. Significant Accounting Policies (continued)

(i) 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. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which 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 the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

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.

(j) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. As at January 31, 2021 and 2020, the Company has 5,000,000 potentially dilutive shares outstanding.

(k) Comprehensive loss

Comprehensive loss is the total non-owner change in equity for a reporting period. This change encompasses all changes in equity other than transactions from shareholders. For the years ended January 31, 2021 and 2020, the Company did not have any items impacting comprehensive loss.

(l) Reclassifications

Certain financial statement items have been reclassified to conform to the current year's presentation.

(m) Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended January 31, 2021, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Exploration and Evaluation Assets

	Iron Mask $
Acquisition costs:	
Balance, January 31, 2019, 2020 and 2021	1,363
Exploration costs:	
Balance, January 31, 2019	162,854
Consulting	500
Balance, January 31, 2020	163,354
Consulting	500
Balance, January 31, 2021	163,854
Carrying amounts:	
Balance, January 31, 2020	164,717
Balance, January 31, 2021	165,217

Iron Mask Property

The Company has a 100% working interest in the Iron Mask Property consisting of ten mineral claims situated in the Kamloops Mining Division, British Columbia which was acquired for $6,000 and the issuance of 100,000 common shares of the Company with a fair value of $40,000. During the year ended January 31, 2008, the carrying value of the property was written down to a nominal value of $1.

4. Accounts Payable and Accrued Liabilities

	2021 $	2020 $
Trade payables (Note 6)	1,320,449	1,282,344
Accrued interest payable (Note 5)	896,219	719,912
	2,216,668	2,002,256

During the year ended January 31, 2021, the Company incurred interest expense of $107,867 (2020 - $166,177) relating to outstanding trade payables.

5. Loans Payable

(a) As at January 31, 2021, the Company owes $458,000 (2020 - $458,000) to a non-related party. The amount owing is unsecured, bears compounded interest at 6% per annum, and is due on or before January 31, 2022. As at January 31, 2021, accrued interest of $82,556 (2020 - $50,541) has been recorded in accounts payable and accrued liabilities. During the year ended January 31, 2021, the Company incurred $32,015 (2020 - $15,210) of interest expense.

(b) As at January 31, 2021, the Company owes $478,500 (2020 - $478,500) to a non-related party, of which $150,023 (2020 - $150,023) is secured against the assets of the Company. The total amount owing bears compounded interest at 6% per annum, and is due on or before January 31, 2022. As at January 31, 2021, accrued interest of $165,017 (2020 - $128,592) has been recorded in accounts payable and accrued liabilities. During the year ended January 31, 2021, the Company incurred $36,425 (2020 - $50,919) of interest expense.

6. Related Party Transactions

   (a) As at January 31, 2020, included in accounts payable and accrued liabilities is $13,500 (2020 – $13,500) due to the directors of the Company. The amounts owing are unsecured, non-interest bearing, and due on demand.

   (b) During the year ended January 31, 2021, the amount of $43,560 (2020 – $43,560) was incurred to a company controlled by the President of the Company for administration fees.

   (c) During the year ended January 31, 2021, the amount of $nil (2020 – $5,250) was incurred to the directors of the Company for directors' fees.

   (d) During the year ended January 31, 2021, the amount of $nil (2020 - $750) was incurred to the Chief Financial Officer of the Company for office and general expenses.

7. Share Capital

   Authorized: 400,000,000 common shares without par value

   On September 23, 2019, the Company effected a 10-for-1 share consolidation which was applied on a retroactive basis. All common share amounts on the financial statements are reflective of the effects of the share consolidation.

   On November 14, 2019, the Company issued 5,000,000 common shares pursuant to a private placement for proceeds of $250,000, less share issuance costs of $8,750. Each unit consisted of one common share and one transferable share purchase warrant which entitles the holder to acquire one additional share at $0.05 per share until November 13, 2024.

8. Share Purchase Warrants

   The following table summarizes the continuity of common share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, January 31, 2019	–	–
Issued	5,000,000	0.05
Balance, January 31, 2020 and 2021	5,000,000	0.05

   The outstanding share purchase warrants expire on November 13, 2024.

9. Capital Management

   The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

   The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

   The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended January 31, 2020.

10. Financial Instruments and Risk Management

Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of potential loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. The carrying amount of these financial assets represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Foreign Exchange Rate and Interest Rate Risk

The Company is not currently exposed to foreign exchange or interest rate risk.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital is subject to risks associated with fluctuations in the market price of commodities.

11. Segmented Information

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Canada.

12. Contingency

In May 2016, the Company filed a statement of claim against KGHM Ajax Mining Inc. ("KAM") for breach of an agreement and for conducting alleged unauthorized exploration work on the Company's Iron Mask property. The Company alleges that, in September 2013, it entered into negotiations with KAM to option the Iron Mask mineral claims for $1,350,000 and additional commitments including 20% net profit interest. Prior to completion of the agreement, KAM commenced unauthorized exploration activity on the Iron Mask property and applied to have the permit amended to evict the Company off its own exclusive mineral tenure rights. The statement of claim is ongoing and although the Company is confident that they will be successful in this claim, the outcome of the claim is unknown and cannot be quantified.

13. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rates) of the significant temporary differences, which comprise of deferred income tax assets and liabilities, are as follows:

	2021 $	2020 $
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(110,648)	(165,453)
Tax effect of:		
Permanent differences and other	607	(1,949)
Change in unrecognized deferred income tax assets	110,041	167,402
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2021 $	2020 $
Deferred income tax assets		
Non-capital losses carried forward	1,443,501	1,332,854
Share issuance costs	1,418	1,890
Resource properties	82,824	82,958
Total gross deferred income tax assets	1,527,743	1,417,702
Unrecognized deferred income tax assets	(1,527,743)	(1,417,702)
Net deferred income tax asset	–	–

As at January 31, 2021, the Company has non-capital losses carried forward of $5,346,301 which are available to offset future years' taxable income. These losses expire as follows:

	$
2026	130,005
2027	156,823
2028	245,062
2029	262,038
2030	242,993
2031	267,676
2032	278,441
2033	347,034
2034	326,761
2035	307,225
2036	361,519
2037	414,742
2038	453,040
2039	528,597
2040	612,789
2041	411,556
	5,346,301

The Company also has available mineral resource related expenditure pools totalling $471,971, which may be deducted against future taxable income on a discretionary basis.