



(an exploration stage enterprise)

Consolidated Financial Statements

Years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF EROS RESOURCES CORP.

Opinion

We have audited the accompanying consolidated financial statements of Eros Resources Corp. (the "Company"), which comprise:

- ◆ the consolidated statements of financial position as at December 31, 2020 and 2019;
- ◆ the consolidated statements of income and comprehensive income for the years then ended;
- ◆ the consolidated statements of changes in shareholders' equity for the years then ended;
- ◆ the consolidated statements of cash flows for the years then ended; and
- ◆ the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated 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 consolidated 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 auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 30, 2021

3

Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

EROS RESOURCES CORP.*(an exploration stage enterprise)***CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at December 31

(expressed in Canadian dollars)

	Note	2020	2019
Assets			
Current			
Cash		\$ 1,713,549	\$ 224,544
Accounts receivable	8	198,258	150,034
Prepaid expenses		32,672	43,926
Promissory note receivable	9	968,461	165,500
Asset held for sale	12	-	2,229,955
		2,912,940	2,813,959
Marketable securities	4	17,885,855	4,138,380
Reclamation bonds		26,179	26,179
Exploration and evaluation interests	5	2,230,083	1,426,144
Property and equipment	6	6,130	7,795
Right-of-use assets	11	12,761	24,539
		\$ 23,073,948	\$ 8,436,996
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 439,842	\$ 390,580
Income taxes payable	15	409,946	-
Lease liability – short term	11	13,281	11,471
		863,069	402,051
Lease liability – long term	11	1,175	14,456
Decommissioning liability	10	135,703	131,729
Deferred income tax	15	3,250,818	2,696,808
		4,250,765	3,245,044
Shareholders' Equity			
Share capital	7	74,809,125	72,394,552
Contributed surplus	7	1,061,840	1,024,025
Deficit		(57,047,782)	(68,226,625)
		18,823,183	5,191,952
		\$ 23,073,948	\$ 8,436,996

On behalf of the Board:*"Tom MacNeill"*

Tom MacNeill, Director

"Ron Netolitzky"

Ron Netolitzky, Director

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

EROS RESOURCES CORP.*(an exploration stage enterprise)***CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

Years ended December 31

(expressed in Canadian dollars)

	<u>Share Capital</u>			Contributed Surplus	Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance at December 31, 2018	48,446,854	\$ 72,394,552	\$ 962,576	\$ (71,015,174)	\$ 2,341,954	
Share-based payments	-	-	61,449	-	61,449	
Net income for the year	-	-	-	2,788,549	2,788,549	
Balance at December 31, 2019	48,446,854	\$ 72,394,552	\$ 1,024,025	\$ (68,226,625)	\$ 5,191,952	
Shares issued	49,446,887	2,497,344	-	-	2,497,344	
Share issue costs	-	(82,771)	-	-	(82,771)	
Share-based payments	-	-	37,815	-	37,815	
Net income for the year	-	-	-	11,178,843	11,178,843	
Balance at December 31, 2020	97,893,741	\$ 74,809,125	\$ 1,061,840	\$ (57,047,782)	\$ 18,823,183	

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

EROS RESOURCES CORP.*(an exploration stage enterprise)***CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

Years ended December 31

(expressed in Canadian dollars)

	Note	2020	2019
Revenues			
Oil revenue	8	\$ -	\$ 37,278
Royalties	8	-	(6,801)
		-	30,477
Oil production expenses	8	(16,775)	(19,042)
Gross profit (loss)		(16,775)	11,435
Expenses			
Consulting fees	8	35,000	28,140
Accretion	10	3,974	1,940
Amortization	6, 11	13,443	12,935
Investor relations		38,342	2,015
Professional fees		59,371	64,692
Office and administration		33,485	32,912
Property research		128,516	1,680
Share-based payments	7, 8	37,815	61,449
Transfer agent and listing fees		33,567	12,343
Wages	8	125,037	177,002
Travel		2,828	6,078
		(511,378)	(401,186)
Other items			
+Interest income		-	36,781
Gain (loss) on sale of marketable securities		153,528	(505,275)
Impairment of exploration and evaluation interests	5	(6,500)	-
Impairment of oil and gas assets	6	-	(13,257)
Gain on sale of exploration and evaluation interests	6, 12	3,338,151	18,765
Gain (loss) on foreign exchange		15,274	(9,263)
Unrealized gain (loss) on marketable securities		9,239,256	3,279,123
Write off of accounts receivable	8	(68,757)	-
Write off of convertible debentures	5	-	(379,391)
Reversal of impairment	5, 12		334,345
Net income before income taxes		12,142,799	2,372,077
Income taxes			
Current income taxes	15	409,946	-
Deferred income taxes	15	554,010	416,472
Total income taxes		(963,956)	(416,472)
Net income and comprehensive income for the year		\$ 11,178,843	\$ 2,788,549
Basic earnings per share		\$ 0.17	\$ 0.06
Diluted earnings per share		\$ 0.17	\$ 0.06
Weighted average number of common shares outstanding			
Basic (Note 7)		67,545,514	48,446,854
Diluted (Note 7)		67,712,665	48,446,854

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

EROS RESOURCES CORP.*(an exploration stage enterprise)***CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended December 31

(expressed in Canadian dollars)

	2020	2019
Cash from operating activities		
Net income for the year	\$ 11,178,843	\$ 2,788,549
Add back non-cash items:		
Share-based payments	37,815	61,449
Accretion	3,974	1,940
Amortization	13,443	12,935
Loss (gain) on sale of marketable securities	(153,528)	505,275
Unrealized (gain) loss on marketable securities	(9,239,256)	(3,279,123)
Income tax expense (recovery)	554,010	(416,472)
Impairment of exploration and evaluation interests	6,500	-
Impairment of oil and gas assets	-	13,257
Gain on sale of exploration and evaluation interests	(3,338,151)	(18,765)
Loss (gain) on foreign exchange	1,044	(14,600)
Write off of accounts receivable	68,757	-
Write off of convertible debentures	-	379,391
Reversal of impairment loss	-	(334,345)
Net changes in non-cash working capital items:		
Accounts receivable	(116,981)	(117,751)
Prepaid expenses	11,254	(17,835)
Accounts payable and accrued liabilities	128,717	194,381
Income taxes payable	409,946	-
Cash used in operating activities	(433,613)	(241,714)
Investing activities		
Acquisition of marketable securities	(2,087,760)	(690,093)
Purchase of property and equipment	-	(14,767)
Proceeds on sale of marketable securities	3,155,152	1,867,144
Exploration and evaluation expenditures	(889,895)	(1,363,122)
Recovery of exploration and evaluation expenditures	146,024	-
Cash used in investing activities	323,521	(200,838)
Financing activities		
Advancement of promissory note	(802,961)	(165,500)
Lease liability payments	(11,471)	(9,409)
Issuance of shares, net of share issue costs	2,414,573	-
Cash used in financing activities	1,600,141	(174,909)
Increase (decrease) in cash during the year	1,490,049	(617,461)
Foreign exchange effect on cash	(1,044)	14,600
Cash, beginning of the year	224,544	827,405
Cash, end of the year	\$ 1,713,549	\$ 224,544
Supplemental Cash Flow Information		
Exploration and evaluation assets included in accounts payable	\$ -	\$ 79,455
Marketable securities received for the sale of exploration and evaluation interests	\$ -	\$ 20,970

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

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Eros Resources Corp.'s ("Eros" or the "Company") principal business activities include the acquisition, exploration and development of mineral and oil and gas resource properties in North America. The Company's corporate office is located at Suite 420, 789 West Pender Street, Vancouver, British Columbia V6C 1H2. Eros is a Tier 1 company and is listed on the TSX Venture Exchange ("TSX-V").

These consolidated financial statements have been prepared on a going concern basis in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses.

The business of mining and exploring for minerals and oil and gas reserves involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's ability to continue as a going concern is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations or the ability of the Company to raise alternative financing.

At the time these financial statements were prepared, the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company's business and financing opportunities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing at the properties, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease. To date, the impact of COVID-19 on the operations of Eros have been minimal.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee. The accounting policies adopted in these financial statements are based on IFRS's in effect as at December 31, 2020.

The consolidated financial statements of Eros Resources Corp. for the year ended December 31, 2020 were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on April 30, 2021.

Basis of presentation

These consolidated financial statements include the accounts of Eros and its wholly owned subsidiaries, Anthem Resources Incorporated ("Anthem") and Otish Minerals Ltd., both companies incorporated in British Columbia, and Bell Mountain Exploration Corp. ("Bell Mountain"), a company incorporated in Nevada, USA.

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

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

The accounting policies set out in Note 2 have been applied consistently by the Company and its subsidiaries to all periods presented.

The consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency.

Significant judgments, estimates and judgements

The preparation of these consolidated financial statements requires management to make estimates and assumptions regarding the future. These estimates and assumptions may impact the reported amounts of assets and liabilities, income and expenses. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates and assumptions, which, by their nature, are uncertain. Revisions to accounting estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates and assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities in future accounting periods and include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Estimated useful lives of equipment

The estimated useful lives of equipment, which is included in the consolidated statements of financial position, will impact the amount and timing of the related amortization included in profit or loss.

Share-based payments and marketable securities (warrants)

The fair value of share-based payments and warrants held as marketable securities is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Decommissioning liability

The cost of remediating sites following their useful lives is subject to significant management estimates, both in terms of the cost to remediate the sites as well as the timing of the costs, which impact the net present value of the decommissioning liability shown on the statement of financial position.

EROS RESOURCES CORP.

(an exploration stage enterprise)

**Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and judgments (continued)

Recoverable value of asset carrying values

At each reporting date, the Company assesses its petroleum and natural gas properties and exploration and evaluation assets for possible impairment, to determine if there is any indication that the carrying amounts of the assets may not be recoverable. An assessment is also made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. Determination as to whether and how much an asset is impaired, or no longer impaired, involves management estimates on highly uncertain matters, such as future commodity prices, discount rates, production profiles, operating costs, future capital costs and reserves. A material adjustment to the carrying value of the Company's property and equipment and exploration and evaluation assets could arise as a result of changes to these estimates and assumptions.

Oil reserves

Oil resources categorized as reserves are used in the unit-of-production calculation for depreciation, depletion and amortization, and the impairment analysis, which affect net income or loss. There are numerous uncertainties inherent in estimating oil reserves. Estimating reserves is very complex, requiring many judgments based on geological, geophysical, engineering and economic data. Changes in these judgments could have a material impact on the estimated reserves. These estimates may change, having either a negative or positive effect on profit or loss as further information becomes available and as the economic environment changes.

Depreciation and depletion

Depletion of oil and gas related property and equipment is provided using the unit-of-production method based on production volumes before royalties in relation to total estimated proven and probable reserves, as determined annually by independent engineers and internal reserve evaluations on a quarterly basis. Natural gas reserves and production are converted at the energy equivalent of approximately six thousand cubic feet to one barrel of oil.

Right-of-use assets and lease liability

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset and, underlying currency. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and judgments (continued)

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Identification of cash-generating-units

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The determination of the Company's CGU is subject to management's judgment.

Classification of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances and as to whether economic quantities of reserves will be found so as to assess if technical feasibility and commercial viability have been achieved.

Assets held for sale and discontinued operations

Judgment is required in determining whether an asset meets the criteria for classification as "assets held for sale" in the consolidated statements of financial position. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the expected timeframe of the completion of the anticipated sale and the period of time any amounts have been classified within assets held for sale. The Company reviews the criteria for assets held for sale each period and reclassifies such assets to or from this financial position category as appropriate. In addition, there is a requirement to periodically evaluate and record assets held for sale at the lower of their carrying value and fair value less costs to sell.

Judgment is applied in determining whether disposal groups represent a component of the entity, the results of which should be recorded as discontinued operations in the consolidated statements of operations and comprehensive loss.

Recoverability of receivables

The determination of when receivables are impaired requires significant judgment as to their collectability.

Right-of-use assets and lease liability

The Company applies judgement in determining whether a contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

EROS RESOURCES CORP.

(an exploration stage enterprise)

**Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**Exploration and evaluation assets**

The Company capitalizes all expenditures on exploration and evaluation activities as mineral property interests once the Company has title to the related underlying property. Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs, including drilling costs directly attributable to a property, and directly attributable general and administrative costs. From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the option payments are made at the discretion of the optionee, the amounts payable or receivable are not recorded as liabilities or receivables. Option payments are recorded as property costs or recoveries when the payments are made or received. After costs are recovered, the balance of any payments received is recorded as a gain on option or disposition of mineral property. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development asset.

Joint interest operations

Some of the Company's exploration activities are conducted jointly with other entities, and accordingly, the consolidated financial statements reflect only the Company's proportionate interest in such entities.

Foreign currencies

The functional currency of the Company and its subsidiaries is the Canadian dollar. Amounts denominated in foreign currencies are translated into the functional currency as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect as at the consolidated statement of financial position date;
- (ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange on the transaction date.

Gains and losses arising from the translation of foreign currency are included in the determination of net income (loss) for the year.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statement of income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial Liabilities

Financial liabilities are classified as amortized cost, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemptions, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Accounts payable amounts are unsecured and are usually paid within forty-five days of recognition.

The Company has made the following designations of its financial instruments:

Cash	FVTPL
Marketable securities	FVTPL
Accounts receivable	Amortized cost
Promissory notes receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Income taxes payable	Amortized cost
Lease liability	Amortized cost

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the consolidated statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

EROS RESOURCES CORP.

(an exploration stage enterprise)

**Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the year. The Company follows the treasury stock method for calculating diluted earnings (loss) per share. The treasury stock method is a method of recognizing the use of proceeds that could be obtained upon exercise of options and warrants in computing diluted earnings per share. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. As at December 31, 2020, there are no options or warrants that have a dilutive effect.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Share-based payments

The Company has a stock option plan that is described in Note 7. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus. Consideration received on the exercise of stock options is recorded as capital stock and the related contributed surplus is transferred to capital stock.

Revenue recognition

Revenue from the sale of petroleum is recognized when performance obligations are satisfied. Performance obligations are satisfied at the point in time when products are delivered based on volumes to customers at contractual delivery points, and prices have been agreed with the purchaser and collectability is reasonably assured. Delivery is generally at the time the oil enters the tanks and when the natural gas enters the pipeline. The costs associated with the delivery, including operating and maintenance costs, and production-based royalty expenses, are recognized during the same year in which the related revenue is earned and recorded.

Property and equipment*Impairment*

Equipment assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The carrying amount of equipment assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment test is completed if any such indication exists.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Fair value less costs to sell is determined to be the amount for which the asset could be sold in an arm's length transaction. Fair value less costs to sell can be determined by using an observable market or by using discounted future net cash flows of proved and probable reserves using forecasted prices and costs. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of goodwill, if any, allocated to the units and then to reduce carrying amounts of other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

Depletion and depreciation

Depletion of oil and gas properties is determined using the unit-of-production method based on production volumes in relation to total estimated proved and probable reserves, as determined annually by independent engineers and determined in accordance with NI 51-101. Natural gas reserves and production are converted at the energy equivalent of six thousand cubic feet to one barrel of oil.

Proven and probable reserves are estimated using independent reserve engineer reports and represent the estimated quantities of crude oil, natural gas and natural gas liquids, which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially viable. There should be a minimum 90% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and a maximum 10% statistical probability that it will be less. Such reserves may be considered commercially viable if management has the intention of developing and producing them and such intention is based upon:

- a reasonable assessment of the future economics of such production;
- a reasonable expectation that there is a market for all or substantially all the expected oil and natural gas production; and
- evidence that the necessary production, transmission and transportation facilities are available or can be made available.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Reserves may only be considered proven if future economic feasibility is supported by either actual production or conclusive formation testing. The area of reservoir considered proven includes (a) that portion delineated by drilling and defined by gas-oil and/or oil-water contacts, if any, or both, and (b) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geophysical, geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of oil and natural gas controls the lower proved limit of the reservoir.

Depreciation of other equipment is provided for on a 20% straight-line basis. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the risks have not been incorporated into the estimate of cash flows. The increase in the provision due to the passage of time is recognized in profit or loss.

1. Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. A provision is made for the estimated cost of site restoration and capitalized in the relevant asset category. Decommissioning liabilities are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Changes in the present value of the estimated expenditure are reflected as an adjustment to the provision and the relevant asset. The unwinding of the discount on the decommissioning provision is recognized as accretion expense. Actual costs incurred upon settlement of the decommissioning liabilities are charged against the provision to the extent the provision was recognized.

2. Environmental liabilities

The Company records liabilities on a discounted basis for environmental remediation efforts that are likely to occur and where the cost can be reasonably estimated. The estimates, including associated legal costs, are based on available information using existing technology and enacted laws and regulations. The estimates are subject to revision in future periods based on actual costs incurred or new circumstances. Any amounts expected to be recovered from other parties, including insurers, are recorded as an asset separate from the associated liability.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 Leases

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is depreciated from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has an office lease for its headquarters in Vancouver, British Columbia and the lease liability was measured at the present value of the lease payments and discounted using an incremental borrowing rate of 10% (Note 11).

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	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	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The marketable securities which consists of common shares are based on quoted prices and are therefore considered to be Level 1. The marketable securities which consist of warrants are based on inputs other than quoted prices and therefore considered to be Level 2. The Company's risk exposures are summarized below:

Credit risk

Credit risk is the risk that the Company will incur an unexpected loss as a result of the counterparty to a financial asset failing to meet their contractual obligations. The Company's financial assets that are exposed to credit risk are cash, accounts receivable, and promissory notes receivable. The Company holds cash with large financial institutions in accordance with the Company's investment policy. Management considers credit risk on cash to be low, as the counterparties are highly rated Canadian banks. The Company is exposed to some credit risk on accounts receivable and promissory note receivable, apart from sales tax refunds receivable. The amounts owed in accounts receivable and promissory note receivable are from companies where there is a common director and/or officer with Eros.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it has sufficient capital to meet short-term financial obligations after taking into account its exploration obligations and cash on hand. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms with the expectation of lease liabilities. The Company's lease liability matures based on the terms outlined in the lease agreement.

Market risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. Market risk to which the Company is exposed is as follows:

Interest rate risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

EROS RESOURCES CORP.*(an exploration stage enterprise)***Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)****3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)****Market risk (continued)***Foreign currency risk*

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. A significant change in the exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's future results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2020 and 2019, the Company is exposed to currency risk through the following financial assets denominated in a currency other than the Canadian dollar:

	December 31, 2020		December 31, 2019	
	US \$	CDN \$	US \$	CDN \$
Cash	31,739	40,729	24,327	31,591
Accounts payable	(19,652)	(25,017)	(81,478)	(105,824)

Based on the above, assuming all other variables remain constant, a 10% strengthening of the Canadian dollar against the US dollar would have increased the Company's comprehensive income/loss by \$1,571 (2019 - \$4,989). A weakening of the Canadian dollar would have had the opposite effect.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's marketable securities are carried at market value or fair value based on observable market values, and are therefore directly affected by fluctuations in the market value of the underlying securities. Changes in market prices of securities in the portfolio have a material effect on net income (loss). A 20% increase in the market prices would have increased/decreased the Company's net income/loss by \$3,577,171 (2019 - \$859,156).

EROS RESOURCES CORP.*(an exploration stage enterprise)***Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)****4. MARKETABLE SECURITIES**

Company	December 31, 2020	
	Number of common shares	Equity securities
Atico Mining Corp.	312,706	\$ 171,988
Cornish Metals Ltd. (formerly Strongbow)	2,152,500	193,725
Eagle Plains Resources Ltd.	850,000	119,000
Liberio Copper & Gold Corp.	625,000	265,625
MAS Gold Corp. ("MAS")	11,790,476	1,061,143
Metallic Minerals Corp.	153,000	102,510
Nickel North Exploration Corp.	10,933,707	382,680
Rokmaster Resources Corp.	295,000	212,400
Skeena Resources Limited	3,300,582	11,354,002
SKRR Resources Inc.	540,000	145,800
Southern Empire Resources Corp.	9,302,940	2,465,279
Westcore Energy Ltd.	8,800,000	176,000
Other equities and warrants	-	1,235,703
		\$ 17,885,855

EROS RESOURCES CORP.*(an exploration stage enterprise)***Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)****4. MARKETABLE SECURITIES (continued)**

Company	December 31, 2019	
	Number of common shares	Equity securities
Aston Bay Holdings Ltd.	1,004,445	\$ 85,378
Atico Mining Corp (formerly Toachi Mining Inc.)	312,706	96,939
Bullfrog Gold Corp. ("Bullfrog")	8,750,000	1,312,500
Eagle Plains Resources Ltd.	1,034,000	108,570
MAS Gold Corp.	4,690,476	351,786
Metallic Minerals Corp.	210,000	49,350
Nickel North Exploration Corp.	10,933,707	164,006
Skeena Resources Limited	4,056,082	2,758,136
Strongbow Exploration Inc.	1,668,000	75,060
Taiga Gold Corp.	625,000	56,250
Tarku Resources Ltd.	4,700,000	70,500
Westcore Energy Ltd.	8,800,000	44,000
Other equities and warrants	-	435,806
Transfer to asset held for sale (Note 12)	(8,750,000)	(1,469,900)
		\$ 4,138,381

Securities were purchased and sold during the period, resulting in the realization of gains and losses. The fair value of equity securities is determined by reference to closing prices on a stock exchange.

During the year ended December 31, 2019, the Canamex convertible debentures matured, and the Company has requested for the principal and accrued interest of the convertible debenture to be paid fully in cash. As management is unsure if the principal and accrued interest can be recovered, the full amount of \$379,391 (\$300,000 principal, \$79,391 accrued interest) related to the Canamex convertible debentures was impaired.

The marketable securities portfolio includes warrants where fair values were estimated using the Black Sholes option pricing model using the following ranges of inputs:

	2020	2019
Stock price	Closing prices	Closing prices
Exercise price	\$0.1 to \$0.20	\$0.005 to \$0.25
Expected life	0.10 to 4.73 years	0.10 to 1.97 years
Annualized volatility	80%	80%
Dividend rate	0%	0%
Risk-free interest rate	0.23% to 0.36%	1.69% to 1.71%

EROS RESOURCES CORP.*(an exploration stage enterprise)***Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)****5. EXPLORATION AND EVALUATION INTERESTS**

The exploration and evaluation assets that have been capitalized for the year ended December 31, 2020 and 2019 are as follows:

	British Columbia	Saskatchewan	Nevada	California	Total
Commodity	Gold	Uranium	Gold-Silver	Gold-Silver	
Balance at December 31, 2018	\$ 6,500	\$ 4,601	\$ 448,893	\$ -	\$ 459,994
Additions					
Land cost	-	-	-	-	-
Staking and maintenance	-	-	66,183	108,185	174,368
Geology/ geophysics	-	4,131	453,916	143,130	603,177
Field support	-	-	63,907	13,571	77,478
Environmental and socio-economic	-	-	526,107	12,935	539,042
Total additions for the year:	-	4,131	1,110,113	279,821	1,394,065
Total disposals for the year:	-	(2,205)	-	-	(2,205)
Reversal of impairment	-	-	334,345	-	334,345
Transfer to asset held for sale (Note 12)	-	-	(480,234)	(279,821)	(760,055)
Balance at December 31, 2019	6,500	6,527	1,413,117	-	1,426,144
Additions					
Land cost	-	-	81,726	-	81,726
Staking and maintenance	-	-	41,741	-	41,741
Geology/ geophysics	-	15,816	521,093	-	536,909
Field support	-	-	37,586	-	37,586
Environmental and socio-economic	-	-	112,477	-	112,477
Total additions for the year:	-	15,816	794,623	-	810,439
Impairment during the year:	(6,500)	-	-	-	(6,500)
Balance at December 31, 2020	\$ -	\$ 22,343	\$ 2,207,740	-	\$ 2,230,083

EROS RESOURCES CORP.

(an exploration stage enterprise)

**Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)**

5. EXPLORATION AND EVALUATION INTERESTS (continued)**Realization of exploration and evaluation assets**

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment and maintenance of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. There can be no assurance that compensation will be received for properties that have been or may be expropriated. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or if the claims are allowed to lapse.

Title to exploration and evaluation interests

Title to exploration and evaluation assets 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 of many mineral properties. The Company has investigated title to its mineral property interests in accordance with industry standards for the current stage of exploration of such properties, and, to the best of its knowledge, title to its properties are in good standing; however, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION INTERESTS (continued)

a. Nevada

In August 2016, the Department of the Navy of the United States Department of Defense (the "Navy") issued a notice of its intent to prepare an environmental impact statement ("EIS") regarding a proposed expansion of the Fallon Range Training Complex, including a proposed withdrawal and reservation of military use of public lands. The Company's Bell Mountain Project consists of unpatented mining claims that are located on federal lands within the proposed expansion area. As a result, surface activity on the Bell Mountain site has been prohibited by the Navy during the EIS period.

On July 10, 2018, the Bureau of Land Management ("BLM") announced that it has submitted an application to withdraw 769,724 acres for land management evaluation purposes for up to four years from all forms of appropriation under public land laws, subject to valid existing rights. The purpose of the withdrawal is to maintain current environmental baseline conditions, relative to mineral exploration and development, subject to valid existing rights, in support of a possible legislative transfer of land to the Department of Navy in furtherance of the Navy's proposed expansion of the Fallon Range Training Complex.

However, in a subsequent notice issued in August 2018, containing a specific listings of the lands subject to the moratorium, the properties held by Eros were specifically excluded from the moratorium, allowing the Company to again commence exploration activities.

Bell Mountain Property

The Company has earned 100% ownership of the Bell Mountain gold-silver property. An Advance Royalty Payment of \$20,000 is due annually on June 15 until such time as there is production from the property (paid during the year ended December 31, 2016). In conjunction with the updated notice from the BLM in August of 2018 which exempts the Bell Mountain project from the moratorium on exploration activities, the Company is once again actively exploring its Nevada properties.

Eastgate Property

On May 25, 2015, the Company acquired a 30% interest in the Eastgate property in two transactions totalling US\$450,000. During the year ended December 31, 2016, the Company made a second payment of US\$200,000 to increase its property interest to 45%. During the year ended December 31, 2019, the Company identified indicators that the impairment loss may no longer exist primarily due to the asset purchase agreement (Note 12). In 2019, the Company recognized a reversal of impairment for \$334,345 that was recorded in previous years related to the Eastgate property.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION INTERESTS (continued)

a. Nevada (continued)

On November 22, 2019, the Company entered into an asset purchase agreement with Southern Empire Resources (formerly "Owl Capital Corp.") ("Southern Empire"), whereby Southern Empire will purchase the Company's respective interest in the Eastgate property and Oro Cruz property. As such, the Eastgate property was classified as assets held for sale (Note 12) as at December 31, 2019. Management assessed the fair value less cost of disposal ("FVLCD") on the Eastgate property and determined the carrying amounts were less than their FVLCD. In March 2020, the sale of the Eastgate property and Oro Cruz property was completed. During the year ended December 31, 2020, the Company was reimbursed for exploration expenditures spent on the Eastgate property and Oro Cruz property and a recovery of \$146,024 was recorded against the carrying value of assets held for sale (Note 12).

b. British Columbia

Golden Triangle

The Company purchased a 5% minor investment interest in certain properties in the Golden Triangle area of northwest BC during the year ended December 31, 2016. During the year ended December 31, 2020, as the Company decided not to continue exploration on the property, the Company impaired the property in accordance with Level 3 of the fair value hierarchy and recorded an impairment loss of \$6,500.

c. Saskatchewan

Saskatchewan uranium interests

Hatchet Lake and Murphy Lake Joint Ventures

The Company has an interest in two joint venture properties with Denison Mines Corp. ("Denison") as operator, located on the Wollaston Trend at the northeast margin of the Athabasca Basin. Eros holds a 29.89% joint venture interest for Hatchet Lake, and 21.04% for Murphy Lake with further dilution expected.

On November 15, 2019, the Company entered into a purchase agreement with Denison, whereby Denison acquired the Company's interest in the Murphy Lake joint venture agreement for 32,262 common shares of Denison. The shares were valued at \$20,970 and a gain of \$18,765 was recorded during the year ended December 31, 2019.

Wollaston Trend

The Company has a 2% net smelter return royalty ("NSR") interest on 44 claims of uranium exploration lands along the Wollaston Trend underlying the southeast margin of the Athabasca Formation. Denison retains the right to purchase one-half of the NSR at any time for \$1,000,000.

Athabasca Basin – Uranium

The Company has a 100% interest in six claim groups in the Athabasca Northern Basin of Saskatchewan. Some of the claims are subject to a non-participating, non-voting, carried 0.5% NSR.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION INTERESTS (continued)

c. Saskatchewan (continued)

Saskatchewan non-producing oil and gas interests

In 2018, the Company agreed to lease 415 hectares of land near its Flaxcombe wells for a 2-year period with an option to extend the lease for an additional 2 years. The Company also acquired 2D and 3D seismic data for the region and had it analysed in order to help identify potential targets. During the year ended

December 31, 2018, as the Company decided not to continue exploration on the land, the Company impaired its interests in the Saskatchewan non-producing oil and gas interest in accordance with Level 3 of the fair value hierarchy and recorded an impairment loss of \$82,455.

d. California

Oro Cruz Property

On February 28, 2019, the Company entered into a letter agreement with Lincoln Mining Corp. and Lincoln Gold US Corp. (collectively referred to as "Lincoln") and Demerara Gold Corp. ("Demerara"), whereby the Company, together with Demerara, has agreed to enter into an Option and Joint Venture Agreement to earn up to 75% interest in the Oro Cruz properties. In consideration for Lincoln to enter into the option and joint venture agreement, the Company will have to pay Lincoln US\$10,000 (paid) by three business days of signing the agreement, and commit to purchase a minimum of CAD\$35,000 of Lincoln securities in the next private placement conducted.

On October 1, 2019, the Company, Demerara, and Lincoln, entered into an option and joint venture agreement ("Lincoln Option Agreement"), to earn up to 75% interest in the Oro Cruz properties. The Company together with Demerara, will have to pay Lincoln a total of \$110,000 and incur a total of \$1,000,000 in exploration expenditures by a series of dates to acquire a 51% interest in the Oro Cruz properties ("First Option"). When the First Option has been completed, an additional 24% interest can be earned through a combination of cash payments or exploration expenditures incurred for a total of \$600,000 on or before October 1, 2023.

On November 22, 2019, the Company entered into an asset purchase agreement with Southern Empire, whereby Southern Empire will purchase the Company's respective interest in the Eastgate property and Oro Cruz property (Note 12). As such, the Oro Cruz property was classified as assets held for sale (Note 12). Management assessed the fair value less cost of disposal ("FVLCD") on the Oro Cruz property and determined the carrying amounts were less than their FVLCD. In March 2020, the sale of the Eastgate property and Oro Cruz property was completed.

EROS RESOURCES CORP.*(an exploration stage enterprise)***Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)****6. PROPERTY AND EQUIPMENT**

Cost	Oil & gas interests and equipment	Mineral exploration field equipment	Total
Balance, December 31, 2018	\$ 392,210	\$ 94,930	\$ 487,140
Additions	13,257	1,510	14,767
Impairment	(13,257)	-	(13,257)
Balance, December 31, 2019 and 2020	\$ 392,210	\$ 96,440	\$ 488,650
Accumulated Amortization			
Balance, December 31, 2018	\$ 392,210	\$ 86,507	\$ 478,717
Amortization / depletion	-	2,138	2,138
Balance, December 31, 2019	392,210	88,645	480,855
Amortization / depletion	-	1,665	1,665
Balance, December 31, 2020	\$ 392,210	\$ 90,310	\$ 482,520
Amortization / Depletion			
Carrying Value			
Balance, December 31, 2019	\$ -	\$ 7,795	\$ 7,795
Balance, December 31, 2020	\$ -	\$ 6,130	\$ 6,130

Flaxcombe – heavy oil

On February 6, 2017, Eros agreed to fund the drilling of three vertical wells into the Flaxcombe heavy oil field, owned by Westcore Energy Ltd. (“Westcore”) at an estimated cost of \$1.6 million. This amount has been fully advanced, drilling is complete, and the unspent portion of the funds advanced is shown as part of prepaid expenses. During the year ended December 31, 2018, the amount of \$56,014 advanced as prepaid expenses was repaid to the Company. According to the terms of the agreement with Westcore, Eros will hold a 90% working interest in the wells until its investment is recovered, and will hold a 50% interest thereafter. In addition, Eros retains a right of first refusal to participate on the same terms on two subsequent drill programs on the Flaxcombe field. Westcore is a related party by virtue of having a director in common with the Company.

During the year ended December 31, 2020 and 2019, the three wells remained offline. As such, indicators of impairment existed leading to a test of recoverable amount of the oil and gas assets. The Company estimated the recoverable amount based on FVLCD using a discounted cash flow model categorized in Level 3 of the fair value hierarchy. During the year ended December 31, 2019, the Company recorded an impairment loss of \$13,257.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized

Unlimited number of common shares without par value

Shares and warrants issued

On August 12, 2020, pursuant to a rights offering, the Company issued 48,446,887 units at a price of \$0.05 per unit, for total proceeds of \$2,422,344, with each unit comprised of one common share and one half of one common share purchase warrant with an exercise price of \$0.15 per whole warrant, exercisable until August 12, 2021, subject to early expiry in the event the 20-day weighted average trading price of the Common Shares exceeds \$0.30. Total share issuance cost of \$82,771 was recorded.

On August 13, 2020, the Company issued 1,000,000 units at a price of \$0.075 per unit, for total proceeds of \$75,000, with each unit comprised of one common share and one half of one common share purchase warrant with an exercise price of \$0.15 per whole warrant for a period of 24 months.

There was no share capital activity during the year ended December 31, 2019.

Warrants

Warrant transactions are summarized as follows:

	Warrants	
	Number	Weighted Average Exercise Price
Outstanding, December 31, 2018 and 2019	-	-
Issued	24,723,444	\$0.15
Outstanding, December 31, 2020	24,723,444	\$0.15
Number currently exercisable	24,723,444	\$ 0.15

At December 31, 2020, warrants were outstanding as follows:

Grant date	Number of Shares	Exercise Price	Expiry Date
August 12, 2020	24,223,444	\$ 0.15	August 12, 2021
August 13, 2020	500,000	\$ 0.15	August 23, 2022
	24,723,444		

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants. Pursuant to the policies of the TSX-V, the Company is authorized to grant options to acquire up to 10% of its issued and outstanding common shares. The exercise price of each option granted under the plan is greater than or equal to the closing market price of the Company's shares on the date of each grant. The maximum term of each option is five years.

EROS RESOURCES CORP.*(an exploration stage enterprise)***Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)****7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)****Share-based payments**

Stock option transactions are summarized as follows:

	Stock Options	
	Number	Weighted Average Exercise Price
Outstanding, December 31, 2018	3,481,250	\$ 0.174
Granted	2,400,000	\$0.075
Expired	(656,250)	\$0.142
Forfeited	(1,150,000)	\$ 0.176
Outstanding, December 31, 2019	4,075,000	\$ 0.122
Expired	(600,000)	\$0.174
Outstanding, December 31, 2020	3,475,000	\$0.113
Number currently exercisable	3,475,000	\$ 0.113

On July 30, 2019 the board of directors of the Company authorized the grant of 2,400,000 stock options to directors, employees and consultants pursuant to the Company's stock option plan. The options are exercisable at \$0.08 per share. 50% of the options vest immediately, with the remaining 50% vesting 12 months from the grant date. The options expire July 30, 2024, subject to earlier expiry in accordance with the stock option plan and applicable policies of the TSX-V.

During the year ended December 31, 2020, the Company recognized share-based payments expense of \$37,815 (2019 - \$61,449) with a weighted fair value of \$0.04 per option. The weighted average assumptions used for the Black-Scholes option-pricing model valuation of stock options granted for the year are as follows: risk-free interest rate of 1.44%, expected life of 5 years, annualized volatility of 80% dividend rate of nil and forfeiture rate of nil.

At December 31, 2020, stock options were outstanding as follows:

Grant date	Number of Shares	Exercise Price	Expiry Date
August 16, 2016	675,000	\$ 0.200	August 16, 2021
August 29, 2017	400,000	\$ 0.165	August 29, 2022
July 30, 2019	2,400,000	\$0.080	July 30, 2024
	3,475,000		

The weighted average remaining contractual life of the options is 2.79 (2019 – 3.55) years.

EROS RESOURCES CORP.*(an exploration stage enterprise)***Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)****7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)****Share-based payments (continued)**

At December 31, 2019, stock options were outstanding as follows:

Grant date	Number of Shares	Exercise Price	Expiry Date
June 3, 2015	375,000	\$ 0.1733	June 3, 2020
June 5, 2015	225,000	\$ 0.1733	June 5, 2020
August 16, 2016	675,000	\$ 0.20	August 16, 2021
August 29, 2017	400,000	\$ 0.165	August 29, 2022
July 30, 2019	2,400,000	\$0.08	July 30, 2024
	4,075,000		

8. RELATED PARTY BALANCES**Key management compensation**

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the years ended December 31, 2020 and 2019 was as follows:

	2020	2019
Share-based payment	\$ 18,907	\$ 37,815
Short-term benefits	¹ \$ 71,893	\$ 127,428

¹ Short-term benefits consist exclusively of salaries, bonuses, health benefits and consulting fees for key management personnel.

Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments paid to key management personnel during the year ended December 31, 2020 and 2019.

An amount of \$200,000 (2019 – \$200,330) was payable to other related parties at December 31, 2020.

Included in accounts receivable is an amount of \$191,025 (2019 - \$81,190) due from MAS (Note 9).

During the year ended December 31, 2020, the Company purchased:

- 7,100,000 units of MAS at a price of \$0.07 per unit. Each unit consists of one common share and one-half of one common share purchase warrants. Each whole share purchase warrant is exercisable into one common share at an exercise price of \$0.10 for a period of 24 months.

During the year ended December 31, 2019, the Company purchased:

- 2,857,143 units of MAS at a price of \$0.07 per unit. Each unit consists of one common share and one share purchase warrants. Each whole share purchase warrant is exercisable into one common share at an exercise price of \$0.10 for a period of 24 months.
- 833,333 units of MAS at a price of \$0.12 per unit. Each unit consists of one common share and one-half share purchase warrants. Each whole share purchase warrant is exercisable into one common share at an exercise price of \$0.15 for a period of 24 months.

MAS and Eros have a common director.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

8. RELATED PARTY BALANCES (continued)

See also Note 6 in relation to three oil and gas wells drilled with Westcore. During the year ended December 31, 2019, the Company received \$37,278 in oil revenue, paid \$6,801 in royalties and paid \$19,042 for direct costs relating to oil production. There were no transactions with Westcore during the year ended December 31, 2020. Westcore and Eros have a common director. During the year ended December 31, 2020, the Company wrote off \$68,757 of amounts receivable from Westcore as management is unsure if the amount can be collected.

9. PROMISSORY NOTES RECEIVABLE

On May 1, 2019, the Company signed a promissory note agreement with MAS, whereby MAS can borrow up to a limit of \$400,000 from the Company. During the year ended December 31, 2019, the Company advanced MAS a total of \$165,500. The promissory note is non-interest bearing and is payable on demand.

During the year ended December 31, 2020, the Company increased the limit of the promissory note receivable to \$673,000 verbally. As at December 31, 2020, the Company has a promissory note receivable from MAS in the amount of \$672,700 (2019 - \$165,500).

On April 1, 2020, the Company signed four promissory note agreements with various borrowers for a total of \$750,000 in relation to the sale of 5,000,000 shares in Southern Empire (Note 12). The promissory notes mature on April 30, 2020. If the borrowers are not able to repay the note balances on maturity, the shares of Southern Empire sold will be returned. As at December 31, 2020, the Company has a promissory notes receivable of \$295,761. As at April 30, 2021, the Company has not asked for the shares of Southern Empire to be returned and are in discussions with the borrowers regarding repayment.

10. DECOMMISSIONING LIABILITY

The Company has estimated the total discounted amount of future cash flows to settle decommissioning liabilities relating to its oil and gas interests to be \$135,702 (2019 – \$131,729) as at December 31, 2020. The total amount is expected to be incurred in the next 10 years and was discounted using an interest rate of 3%.

	Flaxcombe	
Balance at December 31, 2018	\$	129,789
Accretion		1,940
Balance at December 31, 2019	\$	131,729
Accretion		3,974
Balance at December 31, 2020	\$	135,703

Conversely, at its active mineral-exploration sites, the Company fulfils its site restoration obligations on an ongoing basis when a drill site is no longer required, and accordingly no liability is accrued for in relation to the Company's mineral properties. Management will continue to assess the provision for decommissioning as future exploration and development activity is undertaken.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

11. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company has a lease agreement for the headquarter office space in Vancouver, British Columbia. Upon transition to IFRS 16, the Company recognized \$35,336 for a ROU asset and \$35,336 for a lease liability as at January 1, 2019.

The continuity of the ROU asset and lease liability for the year ended December 31, 2020 is as follows:

Right-of-use asset	
Value of right-of-use asset as at January 1, 2019	\$ 35,336
Amortization	(10,797)
Value of right-of-use asset as at December 31, 2019	\$ 24,539
Amortization	11,778
Value of right-of-use asset as at December 31, 2020	\$ 12,761
Lease liability	
Lease liability recognized as of January 1, 2019	\$ 35,336
Lease payments	(12,107)
Lease interest	2,698
Lease liability recognized as of December 31, 2019	\$ 25,927
Lease payments	(13,674)
Lease interest	2,203
Lease liability recognized as of December 31, 2020	14,456
Current portion	\$ 13,281
Long-term portion	1,175
	\$ 14,456

12. ASSET HELD FOR SALE

On November 22, 2019, the Company signed an asset purchase agreement ("Asset Purchase Agreement") with Southern Empire and Demerara Gold Corp., whereby Southern Empire will acquire the Company's interest in the Eastgate property in Nevada and Oro Cruz property in California. The terms of the agreement are as follows:

- The Company agrees to sell, assign and transfer an undivided 45% beneficial interest in the Eastgate property to Southern Empire in consideration for 2,901,275 Southern Empire shares;
- The Company agrees to sell, assign and transfer its entire tight, title and interests in and to the Lincoln Option Agreement, including the exclusive right to acquire up to an undivided 37.5% beneficial interest in the Oro Cruz Property to Southern Empire in consideration for 8,545,000 Southern Empire shares; and
- The Company agrees to sell, assign and transfer the Bullfrog securities to Southern Empire in consideration for 2,856,665 Southern Empire shares.

EROS RESOURCES CORP.

(an exploration stage enterprise)

Notes to the Consolidated Financial Statements For the years ended December 31, 2020 and 2019 (expressed in Canadian dollars)

12. ASSET HELD FOR SALE (continued)

During the year ended December 31, 2019, management determined that the Eastgate property meets the definition of assets held for sale and not discontinued operations in accordance with IFRS 5 Non-current assets held for sale and discontinued operations (“IFRS 5”). In accordance with IFRS 5, on the reclassification to assets held for sale, the Company remeasured the Eastgate property to the lesser of the carrying amount and the fair value less costs of disposal. Consequently, the Eastgate property of \$480,234, the Oro Cruz property of \$279,821, and Bullfrog securities of \$1,312,500 were classified as assets held for sale as at December 31, 2019. The transaction closed in March of 2020 and a gain on sale of \$3,338,151 was recorded as follows:

Fair value of Southern Empire shares received:	\$ 4,791,485
Assets sold:	
Fair value of Eastgate property	480,234
Fair value of Oro Cruz property	279,821
Fair value of Bullfrog securities	839,303
Recovery of exploration costs	(146,024)
Net Assets sold:	1,453,334
Gain on sale	\$ 3,338,151

13. SEGMENTED INFORMATION

The Company operates in two business segments being the exploration and development of mineral and oil and gas resource properties and investing in marketable securities with a focus on commodities, with operations and long-term assets in the United States and Canada. The Company’s operations are segmented on a district basis due to the geographic locations of the Company’s exploration operations. At December 31, 2020, the long-term assets of \$2,233,919 (2019 - \$1,439,294) relates to mineral resource properties and reclamation bonds located in the United States with the remaining of \$17,927,089 (2019 – \$4,183,741) located in Canada. During the year ended December 31, 2019, revenue of \$37,278 relates to revenues earned in Canada. During the year ended December 31, 2019, long-term assets of \$760,055 in the United States and \$1,469,900 in Canada were classified as assets held for sale.

14. CAPITAL DISCLOSURES

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties, oil and gas exploration and development, and other strategic investments. The Board of Directors does not establish quantitative 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 defines capital as shareholders’ equity. The Company is not exposed to any capital requirements.

The Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. In addition, the Company evaluates investment opportunities, as well as existing investments, for suitability and potential on an ongoing basis. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company’s capital risk management approach was unchanged in fiscal 2020. There were no capital restrictions in the year ended December 31, 2020 and the Company had no debt.

EROS RESOURCES CORP.*(an exploration stage enterprise)***Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)****15. INCOME TAXES**

The reconciliation of income tax computed at the statutory tax rate of 27% (2019 - 27%) to income tax expense is:

	2020	2019
Net income (loss) before income taxes	\$ 12,142,799	\$ 2,037,732
Income tax rate	27.00%	27.00%
Expected income tax expense	\$ 3,278,556	\$ 550,188
Non-deductible items	18,777	16,731
Change in timing differences	(1,563,056)	(604,801)
Under (over) provided in prior years	433,945	573,235
Unrecognized tax benefits	(1,204,266)	(951,825)
Income Tax Expense (recovery)	963,956	(416,472)
Current income tax expense	409,946	-
Deferred income tax expense (recovery)	\$ 554,010	\$ (416,472)

The tax effected items that give rise to significant portions of the deferred income tax liabilities at December 31, 2020 and 2019 are presented below:

	2020	2019
Deferred income tax asset		
Non-capital losses	\$ -	\$ -
Other	96,321	-
Deferred income tax liabilities		
Resource properties	(2,941,682)	(2,696,808)
Marketable securities	(405,457)	-
Net deferred income tax liabilities	\$ (3,250,818)	\$ (2,696,808)

EROS RESOURCES CORP.*(an exploration stage enterprise)***Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)****15. INCOME TAXES (continued)**

The Company's subsidiaries have accumulated losses for Canadian tax purposes of approximately \$7,500,000 that expire in various years as follows:

Available to	Amount
2026	\$ 202,000
2027	300,000
2028	104,000
2029	1,385,000
2030	936,000
2031	1,046,000
2032	1,493,000
2033	774,000
2034	40,000
2035	775,000
2036	277,000
2037	94,000
2038	51,000
2039	39,000
2020	40,000
	\$ 7,556,000

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax assets are recognized consist of the following amounts:

	2020	2019
Non-capital losses	\$ 7,553,362	\$ 9,584,661
Equipment	30,628	29,734
Exploration and evaluation assets	4,439,589	4,400,963
Marketable securities	-	1,603,119
Capital losses	532,930	532,930
Other	-	347,178
Unrecognized deductible temporary differences	\$ 12,556,509	\$ 16,498,585