HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020;
FOR THE YEAR ENDED DECEMBER 31, 2020
AND FOR THE PERIOD FROM INCEPTION ON APRIL 16, 2019 TO DECEMBER 31, 2019

AUDIT REPORT

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020 AND 2019

(Expressed in Canadian dollars)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 17,946,613**	$ 12,601,200
Amounts receivable	**255,556**	101,886
Prepaid expenses and deposits	**324,194**	230,244
Marketable securities (Note 4)	**378,000**	-
	18,904,363	12,933,330
Equipment (Note 5)	**46,275**	-
Exploration and evaluation assets (Note 6)	**21,365,684**	6,132,386
	$ 40,316,322	$ 19,065,716
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	**$ 757,106**	$ 434,134
Due to Constantine Metal Resources Ltd. (Note 7)	**5,212**	211,127
Flow-through premium (Note 8)	**129,500**	704,000
	891,818	1,349,261
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**40,421,489**	18,743,032
Contributed surplus (Note 8)	**1,066,392**	298,001
Deficit	**(2,063,377)**	(1,324,578)
	39,424,504	17,716,455
	$ 40,316,322	$ 19,065,716

Subsequent events (Note 14)

Approved on behalf of the Board of Directors of HighGold Mining Inc. on April 27, 2021

'Aris Morfopoulos'	*'Darwin Green'*
Director	Director

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND
FOR THE PERIOD FROM INCEPTION ON APRIL 16, 2019 TO DECEMBER 31, 2019

(Expressed in Canadian dollars)

	Year Ended December 31, 2020	Period from Inception April 16, 2019 to December 31, 2019
EXPENSES		
Advertising and promotion	$ 117,198	$ 38,063
Consulting fees (Note 9)	279,319	103,008
Filing and transfer agent	100,781	100,165
Foreign exchange loss	167,116	11,746
Insurance	53,731	15,598
Management fees (Note 9)	-	36,700
Office and miscellaneous	184,406	135,216
Professional fees	275,500	628,509
Rent	40,405	16,835
Salaries, wages and benefits (Note 9)	357,946	143,367
Share-based compensation (Notes 8 and 9)	389,360	94,406
Travel	15,670	41,549
Net loss before other items	**(1,981,432)**	**(1,365,162)**
OTHER ITEMS		
Gain on sale of exploration and evaluation assets (Note 6)	348,229	-
General exploration expenses	(20,183)	-
Interest income	137,987	40,584
Flow-through recovery (Note 8)	704,000	-
Realized gain on marketable securities (Note 4)	14,194	-
Unrealized gain on marketable securities (Note 4)	58,406	-
Net loss and comprehensive loss	**$ (738,799)**	**$ (1,324,578)**
Basic and diluted loss per share	**$ (0.02)**	**$ (0.08)**
Weighted average number of common shares outstanding	**45,353,059**	**16,909,083**

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

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020 AND
FOR THE PERIOD FROM INCEPTION ON APRIL 16, 2019 TO DECEMBER 31, 2019

(Expressed in Canadian dollars)

	Share Capital				
	Number of shares	**Amount**	**Contributed surplus**	**Deficit**	**Total**
As at April 16, 2019	100	$ 100	$ -	$ -	$ 100
Shares cancelled	(100)	(100)	-	-	(100)
Issued pursuant to the plan of arrangement (Notes 1 and 6)	15,118,075	3,300,947	206,682	-	3,507,629
Private placements	24,880,000	17,154,000	-	-	17,154,000
Share issue costs	-	(1,022,252)	-	-	(1,022,252)
Exercise of stock options	25,000	14,337	(3,087)	-	11,250
Flow-through premium	-	(704,000)	-	-	(704,000)
Share-based compensation	-	-	94,406	-	94,406
Net loss for the period	-	-	-	(1,324,578)	(1,324,578)
As at December 31, 2019	**40,023,075**	**$ 18,743,032**	**$ 298,001**	**$ (1,324,578)**	**$ 17,716,455**
Private placement	10,273,475	18,272,612	-	-	18,272,612
Exercise of stock options	330,409	394,337	(26,804)	-	367,533
Exercise of share purchase warrants	3,319,193	3,166,147	(18,120)	-	3,148,027
Shares issued for exploration and evaluation assets	654,976	1,176,334	-	-	1,176,334
Share issue costs	-	(1,201,473)	-	-	(1,201,473)
Flow-through premium	-	(129,500)	-	-	(129,500)
Share-based compensation	-	-	813,315	-	813,315
Net loss for the year	-	-	-	(738,799)	(738,799)
As at December 31, 2020	**54,601,128**	**$ 40,421,489**	**$ 1,066,392**	**$ (2,063,377)**	**$ 39,424,504**

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

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND
FOR THE PERIOD FROM INCEPTION ON APRIL 16, 2019 TO DECEMBER 31, 2019

(Expressed in Canadian dollars)

		Year Ended December 31, 2020		Period from Inception April 16, 2019 to December 31, 2019
OPERATING ACTIVITIES				
Net loss	$	(738,799)	$	(1,324,578)
Adjustments for non-cash items:				
Gain on sale of exploration and evaluation assets		(348,229)		-
Flow-through recovery		(704,000)		-
Share-based compensation		389,360		94,406
Realized and unrealized gain on marketable securities		(72,600)		-
Change in non-cash working capital:				
Amounts receivable		(153,670)		(101,886)
Prepaid expenses and deposits		(93,950)		(230,244)
Accounts payable and accrued liabilities		477,446		171,925
Due to Constantine Metal Resources Ltd.		(32,469)		187,005
Cash used in operating activities		**(1,276,911)**		**(1,203,372)**
INVESTING ACTIVITIES				
Proceeds from sale of marketable securities		59,850		-
Purchase of equipment		(51,417)		-
Exploration and evaluation costs		(13,972,808)		(2,338,426)
Cash used in investing activities		**(13,964,375)**		**(2,338,426)**
FINANCING ACTIVITIES				
Common shares issued		18,272,612		17,154,000
Proceeds from exercise of stock options		367,533		11,250
Proceeds from exercise of share purchase warrants		3,148,027		-
Share issue costs		(1,201,473)		(1,022,252)
Cash provided by financing activities		**20,586,699**		**16,142,998**
Increase in cash and cash equivalents		**5,345,413**		**12,601,200**
Cash and cash equivalents, beginning of year/period		**12,601,200**		**-**
Cash and cash equivalents, end of year/period	**$**	**17,946,613**	**$**	**12,601,200**
Supplemental information with respect to cash flows:				
Exploration and evaluation expenses included in accounts payable	$	107,735	$	262,209
Exploration and evaluation expenses repaid to Constantine Metal Resources Ltd.	$	173,446	$	24,122
Common shares issued for exploration and evaluation assets	$	1,176,334	$	-
Shares issued for plan of arrangement (Notes 1 and 6)	$	-	$	3,507,629
Depreciation capitalized to exploration and evaluation assets	$	5,142	$	-
Share-based compensation capitalized to exploration and evaluation assets	$	423,955	$	-

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

(Expressed in Canadian dollars)

1. CORPORATE INFORMATION

HighGold Mining Inc. (the 'Company' or 'HighGold') was formed on April 16, 2019 under the laws of British Columbia as a wholly-owned subsidiary of Constantine Metal Resources Ltd. ("Constantine" or the "Parent"). The address of the Company's corporate office and its principal place of business is 320 - 800 West Pender Street, Vancouver, BC, V6C 2V6.

On June 24, 2019, Constantine and HighGold entered into an Arrangement Agreement pursuant to which it was proposed that HighGold would, through a series of transactions, acquire all of Constantine's gold assets, and would itself be acquired by Constantine's shareholders (the "Arrangement"). At the conclusion of the transactions set out in the Arrangement Agreement each Constantine shareholder would hold the same number of Constantine shares as he, she, or it held at the start of the transactions, and one third of that number of HighGold shares.

The Arrangement between Constantine and the Company was completed on August 1, 2019. Under the terms of the Arrangement, Constantine transferred its gold assets to the Company (Note 6), and Constantine shareholders received one common share of the Company for every three common shares of Constantine held. A total of 15,118,075 common shares of the Company were issued pursuant to the Arrangement. Under the terms of the Arrangement, there were also 1,092,892 stock options of the Company issuable to Constantine stock option-holders and 4,901,956 warrants of the Company issuable to Constantine warrant-holders.

The mineral property interests acquired from Constantine were measured at fair value and, as the fair value of the Company's equity issued in exchange was not more readily determinable, and given the exploration stage nature of the assets acquired, fair value was based on their current carrying amounts in the accounts of Constantine, as follows:

		AMOUNT
Johnson Tract Property	$	967,668
Munro-Croesus Property		2,099,902
Golden Mile Property		306,751
Golden Perimeter Property		133,307
Yukon claims		1
	$	3,507,629

The consideration recorded by the Company was allocated as follows:

		AMOUNT
Contributed surplus	$	206,682
Share capital		3,300,947
	$	3,507,629

The allocation to Contributed surplus was based on the estimated aggregate fair value of outstanding Constantine options and warrants converted to option and warrants of HighGold. As all such stock options had previously vested to their holders and substantially all holders were not expected to provide future services to HighGold, the related share-based compensation comprised, in substance, a component of the consideration issued for the property interests rather than a current operating expense of HighGold.

The allocation of $3,300,947 to Share capital reflects solely the residual value associated with the difference between the value of the assets acquired from HighGold and the Contributed surplus figure described above.

HighGold obtained assets and a distribution of shareholders sufficient to facilitate the intended listing of its common shares for trading on the TSX Venture Exchange (“TSX-V”). The Company’s shares are now trading on the TSX-V under the stock symbol “HIGH” and US Over-the-Counter market under the stock symbol “HGGOF”.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as Covid-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world’s equity markets and the movement of people and goods has become restricted.

As the Company does not have production activities, its capacity to fund ongoing exploration is affected by the availability of equity financing on terms which are acceptable to it. The ability of the Company to realize the carrying values of its deferred property costs will also depend on its ability to develop an economically feasible project or projects and to ultimately achieve commercial production on that basis, or to profitably dispose of such interests to other parities. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding.

The mineral exploration sector in general involves significant levels of inherent business risk and is subject to multiple variables which are not controllable by the Company, such as commodity prices and matters related to land access and use. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of mineral property impairment and going concern uncertainty.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Epica Gold Inc. (“Epica”) and JT Mining, Inc. (“JT Mining”) from the effective date of the Arrangement of August 1, 2019. Inter-company balances and transactions are eliminated on consolidation.

c) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the initial measurement of the Arrangement as described in Note 1 and financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. The functional currency of Epica and JT Mining is also the Canadian dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

The Company considers deposits with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents.

b) Foreign currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

c) Financial Instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

i) Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost.

Cash and cash equivalents are recognized at their fair value and carried at amortized cost.

Receivables, excluding GST, are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Interest income is recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

IFRS 9 replaces the incurred loss model from IAS 39 with an expected loss model ("ECL"). The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The ECL model applies to the Company's trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward-looking approach, the Company separates instruments into the below categories:

1. financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk.
2. financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low.
3. financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate, the Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis when they possess shared credit risk characteristics and days past due.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets, other than those at FVTPL and amortized cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

De-recognition of financial assets

A financial asset is derecognized when the contractual right to the asset's cash flows expire or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

ii) Financial liabilities

The Company classifies its financial liabilities in the following category:

Amortized cost

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. Financial liabilities such as accounts payable and accrued liabilities are recognized at amortized cost using the effective interest rate method.

d) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current income tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred income tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

e) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

f) Exploration and evaluation properties

Costs directly related to the exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Resource properties are reviewed for impairment at each reporting date.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

g) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation on assets directly used for exploration and evaluation is capitalized to exploration and evaluation assets. All other depreciation is charged to earnings. Assets under construction are not depreciated until available for their intended use.

Depreciation is charged over the estimated useful lives using the declining balance method of 20% per annum for equipment, except in the year of acquisition when one-half of the rate is used.

h) Impairment of non-current assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's 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 depreciation, if no impairment loss had been recognized.

i) Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of resource properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

j) Loss per share

Loss per share is calculated using the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

k) Share-based compensation

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option-pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Charges for options that are forfeited before vesting are reversed from contributed surplus.

l) Share capital

The Company records proceeds from share issuances, net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

m) Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into using the residual value method into: i) share capital; and ii) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability. Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company indemnifies the subscribers of flow-through shares against certain tax related amounts that become due related to their flow-through subscriptions.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial liability until paid.

n) Valuation of equity units in private placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

o) Judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

- Significant areas requiring the use of estimates relate to the determination of impairment of exploration and evaluation properties, determination of the inputs to the Black Scholes option pricing model, and any required provisions for closure and reclamation.

- A significant judgment made involved the determination that the best representation of fair value in respect to the mineral property interests acquired from Constantine, upon completion of the Arrangement, was their related deferred carrying amounts in the accounts of Constantine.

- Judgment was also involved in the determination that the Company and its wholly-owned subsidiaries shared a common functional currency.

p) Accounting Standards Adopted, or Issued but not yet Effective

The Company adopted no material new accounting standards during its current fiscal year, and is unaware of any applicable, but not-yet-adopted standards that are expected to materially affect the financial statements of future periods.

4. MARKETABLE SECURITIES

During the year ended December 31, 2020, the Company received 400,000 shares of Fireweed Zinc Ltd. valued at $365,250 related to the sale of three properties in the Mac Pass area, Yukon (Note 6). The Company sold 50,000 shares of Fireweed for proceeds of $59,850 resulting in a gain of $14,194 during the year ended December 31, 2020. As at December 31, 2020, the fair value of the 350,000 (2019 – Nil) shares was $378,000 (2019 - $Nil) resulting in an unrealized gain of $58,406 (2019 - $Nil) for the year ended December 31, 2020.

(Expressed in Canadian dollars)

5. EQUIPMENT

Cost	
Opening balance, April 16, 2019 and December 31, 2019	$ -
Additions	51,417
Ending balance, December 31, 2020	$ 51,417
Accumulated Depreciation	
Opening balance, April 16, 2019 and December 31, 2019	$ -
Depreciation	5,142
Ending balance, December 31, 2020	$ 5,142
Net Book Value	
Balance, December 31, 2019	$ -
Balance, December 31, 2020	**$ 46,275**

6. EXPLORATION AND EVALUATION ASSETS

	Balance April 16, 2019	Fiscal 2019 Expenditures	Balance December 31, 2019	Fiscal 2020 Expenditures	Balance December 31, 2020
Johnson Tract Property, Alaska, USA					
Acquisition from Constantine	$ -	$ 967,668	$ 967,668	$ -	$ 967,668
Acquisition costs	-	17,902	17,902	87,513	105,415
Administration	-	26,775	26,775	218,945	245,720
Assaying and testing	-	101,081	101,081	272,713	373,794
Camp costs and field support	-	372,886	372,886	957,787	1,330,673
Community relations and advocacy	-	5,504	5,504	11,061	16,565
Depreciation	-	-	-	5,142	5,142
Drilling	-	605,834	605,834	5,026,315	5,632,149
Environmental	-	2,685	2,685	31,867	34,552
Geology and project management	-	366,369	366,369	1,342,355	1,708,724
Geophysics	-	2,380	2,380	242,662	245,042
Permitting	-	-	-	82,998	82,998
Share-based compensation	-	-	-	274,440	274,440
Technical consulting and engineering	-	6,863	6,863	89,291	96,154
Transportation	-	720,362	720,362	2,024,687	2,745,049
	$ -	$ 3,196,309	$ 3,196,309	$ 10,667,776	$ 13,864,085

HIGHGOLD MINING INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND
FOR THE PERIOD FROM INCEPTION ON APRIL 16, 2019 TO DECEMBER 31, 2019

(Expressed in Canadian dollars)

	Balance April 16, 2019	Fiscal 2019 Expenditures	Balance December 31, 2019	Fiscal 2020 Expenditures	Balance December 31, 2020
Munro-Croesus Property, Ontario, Canada					
Acquisition from Constantine	$ -	$ 2,099,902	$ 2,099,902	$ -	$ 2,099,902
Acquisition costs	-	-	-	1,953,884	1,953,884
Administration	-	34,306	34,306	60,505	94,811
Assaying and testing	-	12,251	12,251	142,862	155,113
Camp costs and field support	-	515	515	41,290	41,805
Community relations and advocacy	-	5,020	5,020	23,743	28,763
Drilling	-	-	-	557,281	557,281
Geology and project management	-	12,821	12,821	279,705	292,526
Geophysics	-	1,696	1,696	164,896	166,592
Property maintenance	-	-	-	7,168	7,168
Share-based compensation	-	-	-	85,502	85,502
Transportation	-	7,966	7,966	41,201	49,167
	$ -	$ 2,174,477	$ 2,174,477	$ 3,358,037	$ 5,532,514
Golden Mile Property, Ontario, Canada					
Acquisition from Constantine	$ -	$ 306,751	$ 306,751	$ -	$ 306,751
Acquisition costs	-	1,500	1,500	-	1,500
Administration	-	21,282	21,282	20,484	41,766
Advance royalty payments	-	10,000	10,000	10,000	20,000
Assaying and testing	-	-	-	41,628	41,628
Camp costs and field support	-	959	959	5,590	6,549
Community relations and advocacy	-	-	-	24,830	24,830
Drilling	-	3,320	3,320	165,123	168,443
Geology and project management	-	19,342	19,342	54,157	73,499
Geophysics	-	1,696	1,696	-	1,696
Share-based compensation	-	-	-	26,283	26,283
Transportation	-	2,001	2,001	11,201	13,202
	$ -	$ 366,851	$ 366,851	$ 359,296	$ 726,147
Golden Perimeter Property, Ontario, Canada					
Acquisition from Constantine	$ -	$ 133,307	$ 133,307	$ -	$ 133,307
Acquisition costs	-	10,000	10,000	54,450	64,450
Administration	-	54,853	54,853	20,484	75,337
Assaying and testing	-	37,112	37,112	66,924	104,036
Camp costs and field support	-	29,364	29,364	36,924	66,288
Community relations and advocacy	-	677	677	22,241	22,918
Drilling	-	3,320	3,320	214,586	217,906
Geology and project management	-	10,839	10,839	189,383	200,222
Geophysics	-	71,286	71,286	189,324	260,610
Share-based compensation	-	-	-	37,730	37,730
Technical consulting and engineering	-	3,428	3,428	-	3,428
Transportation	-	29,162	29,162	25,483	54,645
	$ -	$ 383,348	$ 383,348	$ 857,529	$ 1,240,877

(Expressed in Canadian dollars)

	Balance April 16, 2019	Fiscal 2019 Expenditures	Balance December 31, 2019	Fiscal 2020 Expenditures	Balance December 31, 2020
Yukon, Canada					
Acquisition from Constantine	$ -	$ 1	$ 1	$ -	$ 1
Administration	-	11,034	11,034	4,500	15,534
Geology and project management	-	366	366	3,181	3,547
Cost recoveries	-	-	-	(17,021)	(17,021)
	$ -	$ 11,401	$ 11,401	$ (9,340)	$ 2,061
Total	**$ -**	**$ 6,132,386**	**$ 6,132,386**	**$ 15,233,298**	**$ 21,365,684**

The Johnson Tract Property, Munro-Croesus Property, Golden Mile Property, Golden Perimeter Property and Yukon Land Position and Joint Venture were acquired from Constantine pursuant to the Arrangement dated June 24, 2019. As such, all underlying agreements with respect to these properties were assigned to the Company effective August 1, 2019 (Note 1).

a) Johnson Tract Property, Alaska

In May 2019, Constantine completed a definitive agreement ("Agreement") with Cook Inlet Region, Inc. ("CIRI") for the lease rights to the 20,942 acre Johnson Tract property located 200 kilometers southwest of Anchorage, in Southcentral Alaska. Commercial terms outlined in the Agreement include a cash payment of US$50,000 due on signing of the Agreement (paid by Constantine), a 10-year lease with a renewal option, and annual lease payments of US$75,000 for years one through five, escalating to US$150,000 from year six onwards, until production is achieved. Under the terms of the Agreement, the Company may exercise its option to maintain the lease rights by incurring US$10 million in expenditures over the first 10 years (to May 2029), inclusive of at least US$7.5 million within the first 6 years (to May 2025) of which US$9,367,431 has been incurred. Upon completing such expenditure requirements and satisfying other lease conditions, the Company may renew the lease for an additional 5 years (11 through 15) by making annual lease payments of US$150,000 per year (inflation adjusted) and completing an additional US$10 million in expenditures. The lease rights are subject to CIRI's "back-in" right to acquire a participating interest of between 15% and 25% in the Project, after which a joint venture would be formed for the funding, development, construction and operation of a mine on the Property. The one-time right is exercisable upon completion of a feasibility study and a decision to construct a mine, with no cash payments required by CIRI to exercise. The Agreement also includes net smelter returns ("NSR") royalties payable to CIRI of 2-3% on the base metals and a gold NSR ranging from 2.5% to 4.0%, depending on the price of gold at the time.

b) Munro-Croesus Property

The Company has a 100% ownership interest in the Munro-Croesus Property, which is located 90 kilometers east of Timmins, Ontario, and includes the former Munro-Croesus gold mine. The original Munro-Croesus property consists of 15 patented mining claims and leases and two staked claims subject to a 2% NSR payable on the property, of which 0.5% can be purchased by the Company for $1,000,000, with a right of first refusal on the remaining 1.5% NSR.

In June 2020, the Company entered into three separate agreements with arm's length vendors to acquire an aggregate of 38 patented mining claims, three single cell mining claims, one boundary cell mining claim and four mining leases (the "Property") contiguous to the Company's Munro-Croesus Property. In consideration, the Company will issue an aggregate of 200,000 common shares (issued and valued at $396,000 (Note 8)) and make cash payments in the aggregate amount of $475,000 (paid). Pursuant to the terms of the agreements, the Property is subject to certain NSR royalties, a portion of which may be purchased back by the Company, and an offtake right on base metal concentrates from a portion of the Property.

Between October and December 2020, the Company entered into three additional agreements with various arm's length vendors to acquire an aggregate of 12 patented mining claims, one leasehold property consisting of 16 mining claims, one mining licence of occupation, 13 single cell mining claims, and three boundary cell mining claims (collectively, the "Properties) that are contiguous to the Company's Munro-Croesus Property. The acquired Properties are subject to certain NSR royalties, a portion of which may be purchased back by the Company. In consideration of the acquisitions, the Company made aggregate cash payments totaling $100,000 and issued an aggregate of 424,976 common shares of the Company (valued at $740,884) (Note 8).

c) Golden Mile Property

In December 2016, Constantine completed the acquisition of 100% of the Golden Mile property, comprised of 32 claims in the Porcupine Mining Division in northern Ontario, Canada. There is a 3% NSR payable to the previous owners to Constantine of the property, of which 1/3 of the NSR may be purchased by the Company at any time for $1,000,000. The Company must also make annual advance royalty payments of $10,000, which are deductible from future NSR payments.

d) Golden Perimeter Property

On December 15, 2018, Constantine entered into an agreement to acquire the Golden Perimeter property, comprised of 561 claims located in the Porcupine Mining Division in northern Ontario, Canada. In order to continue to maintain the option and acquire the Golden Perimeter property, the Company must make cash payments totaling $65,000 ($20,000 paid) and issue 100,000 of its shares over the remaining three year period of the agreement (issued 30,000 common shares valued at $39,450 (Note 8)). Upon completion of the cash payments and share issuances, the Company will make annual advance royalty payments of $10,000, commencing on December 15, 2024 and each year thereafter, until commercial production commences. There is a 2.5% NSR on the property, of which 1.0% can be purchased by the Company at any time for $750,000. The Company will retain the right of first refusal on the remaining 1.5% NSR.

e) Yukon Land Position and Joint Venture

The Company holds a 50% interest in a joint venture with Carlin Gold Corporation ("Carlin") which controls over 3,000 claims in the Mayo and Watson Lake Mining Districts, Yukon. The claims are distributed in twelve blocks that total approximately 65,000 hectares (250 square miles).

Mineral Property Option Agreement with Fireweed Zinc Ltd. ("Fireweed")

Under the auspices of the Constantine Carlin Joint Venture ("CCJV"), in May 2017 Constantine entered into a mineral property option agreement granting Fireweed an option to purchase a 100% interest in three properties totaling 624 claims in the Mac Pass area, Yukon. The subject claims were staked under the CCJV, and all remaining option payments and royalties from the Fireweed option agreement are to be split between the Company and Carlin.

Pursuant to the original Option Agreement dated April 23, 2018, and as amended by agreements dated May 6, 2020 and August 11, 2020, Fireweed exercised its option on September 19, 2020 and completed the purchase of the 624 claims from the CCJV. Pursuant to the original and amended terms of the option agreement, the Company received an aggregate of 400,000 common shares of Fireweed during the year ended December 31, 2020, which were valued at $365,250 and resulted in a gain on sale of exploration and evaluation assets of $348,229 (Note 4).

Under the terms of the agreement with Fireweed, NSR rights will be retained by the Company and Carlin, consisting of a 0.5% NSR on base metals and silver and a 2.0% NSR on all other metals. An additional payment of $750,000 will be payable to the CCJV members upon Fireweed reporting an indicated resource of at least 2.0 million tonnes on the optioned properties.

7. DUE TO CONSTANTINE METAL RESOURCES LTD.

At December 31, 2020, the Company owed $5,212 (2019 - $211,127) to Constantine for Company expenditures that were paid by Constantine on behalf of the Company. The debt is repayable on demand, with no interest or specific terms of repayment.

8. SHARE CAPITAL

Authorized

The Company has authorized share capital of an unlimited number of common shares and preferred shares without par value. Disclosures on any shares issued are provided in the Statements of Changes in Shareholders' Equity. Common and/or preferred shareholders are entitled to receive dividends if and when declared by the Directors.

During the period ended December 31, 2019

On August 2, 2019, the Company issued 15,118,075 common shares valued at $3,300,947 to the shareholders of Constantine pursuant to the Arrangement in relation to the acquisition of various gold assets (Notes 1 and 6). A total of 165,791 of these shares were escrowed at the date of issuance, subject to the standard escrow policies of the TSX Venture Exchange regarding shares issued to directors and officers.

On August 19, 2019, the Company completed a $200,000 private placement consisting of 1,000,000 units of the Company at a price of $0.20 per unit. Each unit consists of one common share of the Company and one half of one non-transferable common share purchase warrant, with each whole warrant exercisable to purchase one common share at a price of $0.45 per share until August 19, 2024. All of these shares were escrowed at the date of issuance, subject to the standard escrow policies of the TSX Venture Exchange regarding shares issued to directors and officers.

On September 18, 2019, the Company completed a $7,650,000 private placement consisting of 17,000,000 units of the Company at a price of $0.45 per unit. Each unit consists of one common share of the Company and one half of one non-transferable common share purchase warrant, with each whole warrant exercisable to purchase one common share at a price of $0.70 per share until September 18, 2021. The Company paid cash finders' fees totaling $321,000 and share issue costs of $13,399 related to this private placement.

On December 5, 2019, the Company completed a $9,304,000 private placement consisting of a combination of (i) 1,280,000 common shares of the Company issued on a flow-through basis ("FT Share") at a price of $1.80 per FT Share for gross proceeds of $2,304,000, and (ii) 5,600,000 common shares of the Company (the "NFT Share") at a price of $1.25 per NFT Share for gross proceeds of $7,000,000. The flow-through liability associated with these issuances using the residual method was $704,000. During the year ended December 31, 2020, the Company recognized a recovery of the flow-through liability as other income upon the expenditure of the flow-through shares. The Company paid share issue costs of $687,853 in connection with this private placement.

On December 6, 2019, the Company issued 25,000 common shares on the exercise of stock options for $0.45 per share for total proceeds of $11,250.

During the year ended December 31, 2020

On April 17, 2020, the Company issued 15,000 common shares valued at $14,250 related to the acquisition of the Golden Perimeter property (Note 6).

On July 21, 2020, the Company issued 200,000 common shares valued at $396,000 related to the acquisition of certain claims and leases which surrounds and immediately adjoins the Munro-Croesus property (Note 6).

On July 28, 2020, the Company completed a $13,800,167 bought deal offering consisting of 7,976,975 common shares of the Company at a price of $1.73 per share. In connection with the offering, the Company issued an additional 446,500 common shares of the Company at a price of $1.73 per share for proceeds of $772,445 to an existing shareholder pursuant to the shareholder's election to exercise its participation right under an investor rights agreement. The Company paid share issue costs of $984,421 in connection with this bought deal offering.

On November 6, 2020, the Company issued 54,348 common shares valued at $129,348 related to the acquisition of certain claims located near the Munro-Croesus property (Note 6).

On November 30, 2020, the Company issued 275,000 common shares valued at $453,750 related to the acquisition of certain claims located near the Munro-Croesus property (Note 6).

On December 1, 2020, the Company issued 15,000 common shares valued at $25,200 related to the acquisition of the Golden Perimeter property (Note 6).

On December 21, 2020, the Company issued 95,628 common shares valued at $157,786 related to the acquisition of certain claims located near the Munro-Croesus property (Note 6).

On December 23, 2020, the Company completed a non-brokered private placement of 1,850,000 flow-through ('FT') common shares of the Company at a price of $2.00 per FT Share for gross proceeds of $3,700,000. The flow-through liability associated with these issuances using the residual method was $129,500. The Company paid share issue costs of $217,052 in connection with this private placement.

During the year ended December 31, 2020, an aggregate of 330,409 stock options of the Company were exercised resulting in the issuance of 330,409 common shares of the Company for total cash proceeds of $367,533.

During the year ended December 31, 2020, an aggregate of 3,319,193 share purchase warrants of the Company were exercised resulting in the issuance of 3,319,193 common shares of the Company for total cash proceeds of $3,148,027.

Escrow Shares

Under the terms of the escrow policies of the TSX Venture Exchange, all of the 1,040,791 shares issued to directors and officers of the Company before it was listed on the TSX Venture Exchange were escrowed upon issuance. On September 19, 2019, 10% of the escrowed shares were released. The remaining 90% will be released over three years, on the basis of 15% every six months following the first release date. As at December 31, 2020, a total of 624,475 common shares were held in escrow.

(Expressed in Canadian dollars)

Stock Options

Under the Company's stock option plan, the maximum number of shares that may be reserved for issuance is limited to 10% of the issued and outstanding common shares of the Company at any time. Under the plan, the exercise price of an option may not be less than the discounted market price. The options may have a maximum term of 10 years and be vested at the discretion of the board of directors.

On September 16, 2019, the Company granted 1,600,000 stock options to certain directors, officers, employees and/or consultants of the Company with an exercise price of $0.45 expiring in 5 years. These stock options vest over 2 years. The fair value of these options was calculated to be $0.12 per option.

On November 1, 2019, under the terms of the Arrangement, the Company issued 1,092,892 stock options at exercise prices ranging from $0.86 to $1.59 per share to Constantine option-holders, which represents one stock option for every three Constantine options held as of the record date of the Arrangement. The weighted average fair value of these options was calculated to be $0.05 per option.

On March 3, 2020, the Company granted 1,330,000 stock options to certain directors, officers, employees and/or consultants of the Company with an exercise price of $1.00 expiring in 5 years. A total of 530,000 stock options vest immediately and the remaining 1,200,000 stock options vest over 2 years. The fair value of these options was calculated to be $0.72 per option.

The weighted average fair value of stock options granted are estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions made during the year ended December 31, 2020 and period ended December 31, 2019:

	Year ended December 31, 2020	Period ended December 31, 2019
Risk-Free Annual Interest	0.90%	1.53%
Expected Volatility	96.20%	90.68%
Expected Life of Option	5.00 years	3.12 years
Expected Annual Dividend	0%	0%

During the year ended December 31, 2020, the Company recognized share-based compensation in administrative expenses and capitalized to exploration and evaluation assets in the amount of $389,360 and $423,955, respectively.

Black-Scholes option pricing model require the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value.

(Expressed in Canadian dollars)

	Year ended December 31, 2020		Period ended December 31, 2019	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Opening	2,667,892	$ 0.74	-	$ -
Granted	1,330,000	$ 1.00	2,692,892	$ 0.74
Exercised	(330,409)	$ 1.11	(25,000)	$ 0.45
Expired/cancelled	(206,245)	$ 1.21	-	$ -
Ending	**3,461,238**	**$ 0.78**	**2,667,892**	**$ 0.74**

As at December 31, 2020, the following options are outstanding:

Number of options	Exercisable	Exercise price	Expiry date
106,247	106,247	$0.86	June 30, 2021
62,496	62,496	$1.37	June 2, 2022
25,000	25,000	$1.59	February 5, 2023
58,333	58,333	$1.46	June 6, 2023
58,333	58,333	$0.94	December 24, 2023
274,163	274,163	$1.16	June 14, 2024
1,566,666	1,033,333	$0.45	September 16, 2024
1,310,000	510,000	$1.00	March 3, 2025
3,461,238	**2,127,905**		

Share Purchase Warrants

On November 1, 2019, under terms of the Arrangement, the Company issued 4,901,956 share purchase warrants to Constantine warrant-holders which represents one share purchase warrant for every three Constantine warrants held as of the record date of the Arrangement. The weighted average fair value of these warrants was calculated to be $0.03 per warrant.

	Year ended December 31, 2020		Period ended December 31, 2019	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Opening	13,901,956	$ 1.20	-	$ -
Issued	-	$ -	13,901,956	$ 1.20
Exercised	(3,319,193)	$ 0.95	-	$ -
Ending	**10,582,763**	**$ 1.28**	**13,901,956**	**$ 1.20**

(Expressed in Canadian dollars)

As at December 31, 2020, the following warrants are outstanding:

Number of warrants	Exercise price	Expiry date
5,819,103	$0.70	September 18, 2021
440,625	$0.45	August 19, 2024
3,535,079	$2.15	May 29, 2023
787,956	$2.15	July 19, 2023
10,582,763		

9. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described as follows.

a) Compensation of Key Management Personnel

The compensation paid or payable to key management personnel, including consulting and professional fees for administrative, management, accounting and legal services, and salaries, wages and benefits and share-based compensation provided by these related parties, during the year ended December 31, 2020 and period ended December 31, 2019 are as follows:

	Year ended December 31, 2020 $	Period ended December 31, 2019 $
Capitalized fees to exploration and evaluation assets	731,940	67,195
Management and consulting fees	245,000	40,450
Salaries, wages, bonuses and benefits	485,167	124,728
Share-based compensation	375,050	81,130
	1,837,157	313,503

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties.

b) Related Party Balances

As at December 31, 2020, the Company has the following amounts owed to related parties, included in accounts payable, that are noninterest bearing, unsecured, and have no specified terms of repayment.

(Expressed in Canadian dollars)

	December 31, 2020	**December 31, 2019**
	$	**$**
Due to Chief Executive Officer	4,351	-
Due to a Director	1,326	-
Due to Vice President of Investor Relations	1,413	8,028
	7,090	8,028

10. FINANCIAL INSTRUMENTS

Classification of financial instruments

As at December 31, 2020	Financial assets – FVTPL	Financial assets – amortized cost	Financial liabilities – amortized cost
	$	$	$
Cash and cash equivalents	-	17,946,613	-
Amounts receivable	-	29,010	-
Marketable securities	378,000	-	-
Accounts payable and accrued liabilities	-	-	757,106
Due to Constantine	-	-	5,212

As at December 31, 2019	Financial assets – amortized cost	Financial liabilities – amortized cost
	$	$
Cash and cash equivalents	12,601,200	-
Amounts receivable	34,254	-
Accounts payable and accrued liabilities	-	434,134
Due to Constantine	-	211,127

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

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities
Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and due to Constantine approximates the carrying amount due to the short-term nature of these instruments.

The Company's marketable securities carried at fair value have been classified as Level 1 within the fair value hierarchy.

Management of Industry and Financial Risk

The Company is exposed to various risks in relation to financial instruments. The Company's risk management is coordinated at its head office in Canada in close cooperation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivables by performing standard credit checks. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at December 31, 2020, the Company has working capital of $18,012,545 (2019 - $11,584,069). There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

c) Foreign exchange risk

The Company operates internationally and is exposed to foreign currency risk arising from currency exposures to Canadian dollars. The main currency to which the Company has an exposure is the U.S. dollar. The Company is exposed to currency risk to the extent of its cash and trade and other payables that are denominated in U.S. dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates.

Based on the Company's net US currency exposure as at December 31, 2020, and assuming all other variables remain constant, a 15% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $239,000 in comprehensive income/loss for the year.

d) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not hold any assets or liabilities subject to variable interest rates, and as such, the Company is not exposed to significant interest rate risk.

e) Equity Price Risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required and movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. As at December 31, 2020, the Company's marketable securities of $378,000 are subject to fair value fluctuations.

Based on the Company's marketable securities as at December 31, 2020, and assuming all other variables remain constant, a 10% increase/decrease in the fair value of marketable securities would result in an increase/decrease of approximately $38,000 in comprehensive income/loss for the year.

11. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and expansion of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares or debt, dispose of assets, or adjust the amount of cash and cash equivalents. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company does not pay out dividends in order to conserve cash reserves and to maximize ongoing exploration efforts. The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

The Company is not subject to externally imposed capital requirements as at December 31, 2020 except when the Company issues flow-through shares for which the amount should be used for exploration work. On December 5, 2019 and December 23, 2020, the Company completed a flow-through private placement totalling $2,304,000 and $3,700,000, respectively. As at December 31, 2020, the Company incurred $2,325,171 (2019 - $128,889) in eligible exploration and evaluation expenditures and consequently the Company has the obligation to incur a remaining balance of $3,678,829 (2019 - $2,175,111) no later than December 31, 2021. However, due to the Coronavirus pandemic, legislation has been proposed by the Canadian government to extend the deadline for expenditures by one year, to December 31, 2022.

(Expressed in Canadian dollars)

12. SEGMENTED INFORMATION

The assets and operations of the Company are located in Canada and the United States.

	Canada	United States	TOTAL
	$	$	$
Year ended December 31, 2020			
Net income (loss)	(836,951)	97,152	(738,799)
As at December 31, 2020			
Current assets	17,507,691	1,396,672	18,904,363
Non-current assets	7,501,599	13,910,360	21,411,959
Total liabilities	650,560	241,258	891,818

	Canada	United States	TOTAL
	$	$	$
Period from inception on April 16, 2019 to December 31, 2019			
Net income (loss)	(1,367,815)	43,237	(1,324,578)
As at December 31, 2019			
Current assets	12,423,354	509,976	12,933,330
Non-current assets	2,936,077	3,196,309	6,132,386
Total liabilities	990,041	359,220	1,349,261

13. INCOME TAXES

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

	Year ended December 31, 2020	Period ended December 31, 2019
	$	$
Net loss	(738,799)	(1,324,578)
Expected income tax expense (recovery)	(187,116)	(359,142)
Deductible and non-deductible amounts	(561,346)	(252,080)
Change in valuation allowance	748,462	611,222
Deferred income tax recovery	-	-

(Expressed in Canadian dollars)

There are no deferred tax assets presented in the statement of financial position.

Subject to confirmation with regulatory authorities, deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

Deferred Tax Assets (Liabilities)	2020 $	2019 $
Non-capital losses	2,999,000	1,440,000
Share issue costs	2,536,000	818,000
Share issue costs	(2,662,000)	-
	2,873,000	2,258,000

As at December 31, 2020, the Company has Canadian non-capital losses of $2,987,000 (2019 - $1,429,000) and US non-capital losses of US$9,000 (2019 - US$8,000) which will be available to reduce future taxable income earned in Canada and the United States respectively. The Canadian non-capital losses will expire in 2040 and the US non-capital losses will carry forward indefinitely.

14. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2020, the Company acquired three mineral properties surrounding the Company's Munro-Croesus Property. The Company entered into three separate agreements with arm's length vendors to acquire an aggregate of 12 single-cell mining claims, three patented mining claims and one leasehold property consisting of four mining claims in the Timmins region, Ontario (the "Acquired Properties"). For consideration, the Company has agreed to make cash payments in the aggregate amount of $200,000 and USD$150,000 and issue an aggregate of 60,000 common shares of the Company to the vendors (issued). Pursuant to the agreements, the Acquired Properties are subject to certain NSR royalties, a portion of which may be purchased back by the Company.

Subsequent to the year ended December 31, 2020, the Company issued an aggregate of 15,000 common shares upon the exercise of 15,000 stock options, for cash proceeds of $15,000.

Subsequent to the year ended December 31, 2020, the Company issued an aggregate of 1,953,127 common shares upon the exercise of 1,953,127 warrants, for cash proceeds of $1,360,626.