MAMMOTH RESOURCES CORP.

Consolidated Financial Statements of

Mammoth Resources Corp.

For the years ended
January 31, 2021 and 2020
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mammoth Resources Corp.

Opinion

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company incurred a net loss of $257,520 during the year ended January 31, 2021, and as of that date, the Company had an accumulated deficit of $2,970,847 and has a working capital deficit of $199,544. The Company is dependent on its ability to obtain additional financing and generate profitable operations in the future. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 audit of the consolidated financial statements, our responsibility is to read the other information 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 auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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.

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

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

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

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

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

May 31, 2021

MAMMOTH RESOURCES CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	January 31, 2021	January 31, 2020
ASSETS			
Current			
Cash		$321,675	$2,618
Government taxes recoverable	4	5,467	6,078
Subscription receivable	7	181,150	-
Receivables		1,508	-
Prepaid expenses		-	32,375
		509,800	41,071
Non-current			
Government taxes recoverable	4	114,144	135,671
Exploration advances		49,927	-
Exploration and evaluation assets	5,9	2,412,917	2,259,698
		3,086,788	2,436,440
LIABILITIES			
Current			
Trade payables and accrued liabilities		115,425	185,153
Loan from third party	6	-	11,158
Due to related parties	9	352,929	321,912
Loan from related party	9	240,990	241,079
Interest payable to related party	9	-	41,469
		709,344	800,771
Non-current			
Deferred income taxes	15	50,000	50,000
Total liabilities		759,344	850,771
SHAREHOLDERS' EQUITY			
Share capital	7	5,063,150	4,126,757
Share-based compensation reserves	7	235,141	172,239
Accumulated deficit		(2,970,847)	(2,713,327)
		2,327,444	1,585,669
Total liabilities and shareholders' equity		$3,086,788	$2,436,440

Nature of operations	1
Going concern	2
Subsequent event	16

Approved on behalf of the board on May 28, 2021:

(signed) “Tom Atkins” — Director

(signed) “Paul O’Brien” — Director

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

MAMMOTH RESOURCES CORP.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		For the years ended January 31,	
	Notes	2021	2020
Expenses			
General and administrative	10	$86,873	$30,372
Management fees	9	70,210	96,000
Professional fees		18,389	29,000
Interest expense	9	34,171	31,490
Share-based compensation	7	62,902	-
Gain on settlement of debt	7	-	(5,543)
Gain on settlement of amounts due to third party	7	-	(2,999)
Gain on settlement of loan from related party	7,9	-	(2,000)
Gain on extinguishment of trade payables and accrued liabilities		(16,300)	(131,796)
Foreign exchange		1,275	16,177
Total operating expenses		$257,520	$60,701
Loss and comprehensive loss		$257,520	$60,701
Loss per share - basic and diluted	8	$(0.01)	$(0.00)
Weighted average number of common shares – basic and diluted	8	36,994,092	32,284,516

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

MAMMOTH RESOURCES CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	For the years ended January 31, 2021	2020
Cash flow provided by (used in) operating activities		
Loss for the year	$(257,520)	$(60,701)
Items not affecting cash:		
Interest expense	34,171	31,490
Share-based compensation	62,902	-
Gain on settlement of amounts due to third party	-	(2,999)
Gain on settlement of loan from related party	-	(2,000)
Gain on settlement of debt	-	(5,543)
Gain on extinguishment of accounts payable and accrued liabilities	(16,300)	(131,796)
Net change in non-cash working capital balances:		
Government taxes recoverable	22,138	(7,472)
Receivables	(1,508)	-
Prepaid expenses	-	2,146
Trade payables and accrued liabilities	120,614	65,630
Due to related parties	146,296	43,143
Cash flow provided by (used in) operating activities	110,793	(68,102)
Cash flow provided by financing activities		
Private placement	425,500	-
Share issuance costs	(3,437)	-
Loan received from third party	-	13,077
Repayment of loan from third party	(11,158)	(1,919)
Loan received from related party	106,346	45,571
Repayment of loan from related party	-	(26,750)
Repayment of interest payable to related party	-	(26,750)
Cash flow provided by financing activities	517,251	3,229
Cash flow provided by (used in) investing activities		
Exploration advances	(17,552)	-
Exploration and evaluation costs	(348,165)	(51,097)
Option payments received	-	79,410
Recovery of deferred exploration costs	56,730	37,388
Cash flow provided by (used in) investing activities	(308,987)	65,701
Net change in cash	319,057	828
Cash at the beginning of the year	2,618	1,790
Cash at the end of the year	$321,675	$2,618

Supplemental cash flow information (Note 11)

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

MAMMOTH RESOURCES CORP.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share Capital		Warrants	Share-based compensation	Accumulated	
	Number of shares	**Amount**	**reserves**	**reserves**	**deficit**	**Total**
Balance at January 31, 2019	*30,651,188*	$4,008,974	$30,681	$211,523	$(2,691,910)	$1,559,268
Common shares issued for debt settlement	*1,935,600*	87,102	-	-	-	87,102
Expiry of warrants	-	30,681	(30,681)	-	-	-
Stock options cancelled and expired	-	-	-	(39,284)	39,284	-
Net loss	-	-	-	-	(60,701)	(60,701)
Balance at January 31, 2020	*32,586,788*	4,126,757	-	172,239	(2,713,327)	1,585,669
Private placement	*11,670,000*	855,975	-	-	-	855,975
Common shares issued for debt settlement	*2,503,000*	87,605	-	-	-	87,605
Share issuance costs	-	(7,187)	-	-	-	(7,187)
Share-based compensation	-	-	-	62,902	-	62,902
Net loss	-	-	-	-	(257,520)	(257,520)
Balance at January 31, 2021	***46,759,788***	**$5,063,150**	**$ -**	**$235,141**	**$(2,970,847)**	**$2,327,444**

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

1. Nature of operations

Mammoth Resources Corp. ("Mammoth" or the "Company") was incorporated on January 7, 2011 under the *Canada Business Corporations Act*, and is involved in the acquisition, exploration and evaluation of mining properties in Mexico. Its stock is listed on the TSX Venture Exchange ("TSX-V") under the symbol MTH. The head office of the Company is located at 410-150 York Street, Toronto, Ontario, Canada M5H 3S5.

Mammoth is an exploration stage company and currently has interests in mineral exploration properties in Mexico. Substantially all of the Company's efforts are devoted to financing and developing these properties and/or acquiring new ones. There has been no determination whether the Company's interests in mineral exploration properties contain mineral reserves, which are economically recoverable.

2. Going concern

The financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplate the realization of assets and the discharge of liabilities in the ordinary course of business. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements.

For the year ended January 31, 2021, the Company incurred a net loss of $257,520 (2020 – $60,701). As at January 31, 2021, the Company had an accumulated deficit of $2,970,847 (January 31, 2020 - $2,713,327) and a working capital deficit of $199,544 (January 31, 2020 – $759,700). The business of exploring for minerals 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 properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations. The Company also is dependent upon its ability to continue to raise adequate financing and there can be no assurances that the Company will be successful. These circumstances comprise a material uncertainty which may lend significant doubt as to the ability of the Company to continue as a going concern. Changes in future conditions could require material write-downs of the carrying values. The Company is actively targeting sources of additional financing which may assure continuation of the Company's operations and exploration programs.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by countries to fight the virus. Therefore, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Company were unable to continue its operations as a going concern.

3. Basis of preparation and significant accounting policies

Statement of compliance
These consolidated financial statements 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 Interpretations Committee ("IFRIC") effective for the reporting period ended January 31, 2021.

There are no new IFRS and/or IFRIC pronouncements currently in effect that would have a material effect on the Company.

(Expressed in Canadian dollars)

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

Basis of consolidation
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries.

Name of subsidiary	Principal activity	Place of incorporation	Ownership interest January 31 2021	Ownership interest January 31 2020
Mammoth Resources Canada Corp.	Holding company	Canada	100%	100%
Mammoth Resources International Corp.	Holding company	Canada	100%	100%
Recursos Mineros Mamut S.A. de C.V.	Mineral exploration	Mexico	100%	100%

All inter-company balances and transactions, income and expenses have been eliminated upon consolidation.

Exploration and evaluation assets
Costs related to the acquisition and exploration of exploration and evaluation assets are capitalized until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets following an impairment review and amortized using the unit of production method. If it is determined that capitalized acquisition and exploration costs are not recoverable, or the project is abandoned, these costs are charged to operations in the current period. The Company's management reviews the carrying amounts of assets for impairment on a regular basis, at least annually. Government assistance is applied against deferred exploration expenses.

Where the Company enters into arrangements with a third party to option a working interest in a mineral property held by the Company, in exchange for cash and/or share consideration and/or certain exploration expenditures on the property, the exploration incurred by the third party is not recognized as part of the Company's interest and any cash/share consideration received is offset against the carrying value of the property and property option income is recognized if and when an excess arises.

Impairment of non-financial assets
The Company reviews its exploration and evaluation assets on an annual basis to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the exploration and evaluation assets is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near-term could require a change in the determination of the need for and amount of any write down.

Impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of loss and comprehensive loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Provision for closure and reclamation
The Company recognizes statutory, contractual or other legal obligations related to the retirement of its mineral properties and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision required for closure and reclamation as at January 31, 2021 and 2020.

Basic and diluted loss per share
Basic income or loss per share is calculated using the weighted average number of shares outstanding during the period. In order to determine diluted loss per share, any proceeds from the exercise of dilutive stock options or warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The dilutive effect of convertible securities is reflected in diluted loss per share assuming such conversion occurred at the beginning of the period. The diluted loss per share calculation excludes any potential conversion of stock options or warrants that would decrease loss per share.

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

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at year end.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Share-based payment transactions
The fair value of stock options granted to employees is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each statement of financial position date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value of share-based payments to non-employees and other share-based payments are based on the fair value of the goods or services received. However, if the fair value of goods and services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services. At expiry, the value of expired stock options are transferred into accumulated deficit, while the value of expired warrants are transferred into share capital.

Unit placements
Proceeds from unit placements are allocated between shares and warrants issued using the residual value method to determine the fair value of warrants issued. The proceeds are first attributed to the shares according to the fair market value at the time of issuance and any residual amount is allocated to the warrants.

Share issuance costs
Share issuance costs incurred on the issue of the Company's shares are charged directly to share capital.

Foreign exchange
Items included in the financial statements of each of the Company’s subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company and each of its subsidiaries is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Financial instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

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

Financial instruments classified as FVTPL are reported at fair value at each reporting date, and any change in fair value is recognized in the statement of loss and comprehensive loss in the period during which the change occurs. Realized and unrealized gains or losses from assets held at FVTPL are included in gains or losses in the period in which they arise.

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

Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument bases) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not reclassified to profit or loss.

Financial assets at amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period.

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL.

The Company's financial assets and liabilities are classified as follows:

	Classification
Cash	FVTPL
Subscription receivable	Amortized cost
Receivables	Amortized cost
Trade payables	Amortized cost
Loan from third party	Amortized cost
Due to related parties	Amortized cost
Loan from related party	Amortized cost
Interest payable to related party	Amortized cost

Impairment

The Company follows an 'expected credit loss' model which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

Fair value

Financial instruments measured at fair value are summarized into the following fair value hierarchy as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

Cash is measured at level 1 inputs of the fair value hierarchy.

(Expressed in Canadian dollars)

The carrying values of current financial assets and liabilities approximate their fair values due to the short-term nature of these instruments.

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

Critical accounting estimates
Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

1. whether or not an impairment has occurred in its exploration and evaluation assets.
2. inputs used in the valuation model to determine the fair value of stock options.

Critical accounting judgments
The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

1. going concern of operations;
2. the accounting policy for exploration and evaluation assets;
3. determining the provisions for income taxes and the recognition of deferred income taxes; and
4. the determination of categories of financial assets and financial liabilities.

4. Government taxes recoverable

The Company's government taxes recoverable arise from two main sources: The Canadian harmonized sales tax ("GST"/"HST") receivable due from the Canadian government taxation authorities and the value added tax ("VAT") receivable due from Mexican government taxation authorities.

	January 31 2021	January 31 2020
Canadian Sales Tax (GST/HST)	**$5,467**	$6,078
Mexican Sales Tax (VAT)	**114,144**	135,671
	$119,611	$141,749

The Company exercises judgment in presenting the Mexican Sales Tax (VAT) recoverable. It is management's judgment that the VAT recoverable is a non-current asset as the timing of the receipt cannot be determined.

(Expressed in Canadian dollars)

5. Exploration and evaluation assets

The Company has incurred the following acquisition costs and deferred exploration costs on its exploration and evaluation assets:

	Tenoriba Project	
For the year ended	**2021**	**2020**
Acquisition costs:		
Beginning balance	**$216,614**	$177,376
Additions	**-**	39,238
Ending balance	**216,614**	216,614
Deferred exploration costs:		
Beginning balance	**2,043,084**	2,112,330
Additions for the year:		
Drilling and assaying	**19,058**	-
Geological consulting	**116,468**	41,378
Concession fees	**47,342**	-
Professional fees	**6,506**	2,413
Other	**18,357**	2,189
Travel and accommodation	**2,218**	1,572
	209,949	47,552
Expense recovery	**(56,730)**	(37,388)
	153,219	10,164
Option payments received	**-**	(79,410)
	153,219	(69,246)
Ending balance	**2,196,303**	2,043,084
Total exploration and evaluation assets	**$2,412,917**	$2,259,698

Title to exploration and evaluation assets involve certain inherent risks due to the difficulty of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and in good standing. However, there can be no guarantee of title and the exploration and evaluation assets may otherwise be subject to prior claims, agreements, or transfers and rights of ownership resulting from undetected defects. The properties in which the Company has earned or committed to earn an interest are located in Mexico.

Tenoriba Project

On July 3, 2012, the Company signed a definitive agreement with two private Mexican citizens to option the Tenoriba gold and silver project located in southwestern Chihuahua State, Mexico (the "Agreement"). The Tenoriba Project is comprised of four concessions, Mapy, Mapy2, Mapy3 (collectively the “Mapy Concessions”) and Fernanda.

(Expressed in Canadian dollars)

On October 3, 2012, the Company, through its Mexican subsidiary, registered the Mapy3 concession comprising 1,849.6 hectares and located directly east of the Mapy and Mapy2 concessions. On February 18, 2018, the Company received confirmation of title from the Direccion General de Minas (mining department of the Mexican government) acknowledging title to the Mapy3 concession. The Company is 100% holder of this concession.

The terms of the original Agreement permit the Company to acquire a 100% interest in the Tenoriba project by issuing a total of 225,000 common shares and making total cash payments of US$160,000 to the vendors over the four-year option period and spending US$1,000,000 in exploration expenditures on or before June 30, 2016. The Agreement also allows for a 2% NSR royalty payable to the vendors upon commercial production. The royalty can be purchased by the Company at any time within a three-month period from commencement of commercial production for US$1,500,000.

On March 12, 2015, the Agreement was amended (the “Amended Agreement”), and on September 28, 2016, the Agreement was further amended (the “Second Amended Agreement”) to provide for the following payments:

<u>‘Fernanda’ Concession Option Details</u>
Pursuant to the Agreement, the Company has issued 50,000 common shares and made cash payments of US$35,000 as follows:

1. 12,500 common shares and US$5,000 on or before December 30, 2012 (issued and paid);
2. 12,500 common shares and US$5,000 on or before June 30, 2013 (issued and paid);
3. 12,500 common shares and US$12,500 on or before December 30, 2013 (issued and paid); and
4. 12,500 common shares and US$12,500 on or before June 30, 2014 (issued and paid).

Pursuant to the Amended Agreement, the Company would issue 91,394 common shares and make cash payments of US$62,500 as follows:

1. 35,144 common shares on or before December 30, 2015 (issued);
2. 12,500 common shares (issued) and US$12,500 on or before June 30, 2016;
3. 12,500 common shares (issued) and US$12,500 on or before December 30, 2016;
4. 15,625 common shares (issued) and US$18,750 on or before June 30, 2017; and
5. 15,625 common shares (issued) and US$18,750 on or before December 30, 2017.

Pursuant to the Second Amended Agreement, which supersedes the cash payments outlined in the Amended Agreement, the Company made cash payments of US$64,000 as follows:

Date of payment	Amount US$
December 30, 2016 (paid)	5,500
June 30, 2017 (paid)	5,500
December 30, 2017 (paid)	10,000
June 30, 2018 (paid)	10,000
December 31, 2018 (paid)	10,000
June 30, 2019 (paid)	10,000
December 31, 2019 (paid)	13,000
	64,000

(Expressed in Canadian dollars)

The Company has earned a 100% interest in the Fernanda concession upon the completion of the obligations above.

‘Mapy’ Concessions Option Details

Pursuant to the Agreement, the Company issued 37,500 common shares as follows:

1. 18,750 common shares on or before December 30, 2013 (issued); and
2. 18,750 common shares on or before June 30, 2014 (issued).

Pursuant to the Amended Agreement, the Company would issue 116,394 common shares and make cash payments of US$62,500 as follows:

1. 35,144 common shares on or before December 30, 2015 (issued);
2. 18,750 common shares (issued) and US$12,500 on or before June 30, 2016;
3. 18,750 common shares (issued) and US$12,500 on or before December 30, 2016;
4. 21,875 common shares (issued) and US$18,750 on or before June 30, 2017; and
5. 21,875 common shares (issued) and US$18,750 on or before December 30, 2017.

Pursuant to the Second Amended Agreement, which supersedes the cash payments outlined in the Amended Agreement, the Company made cash payments of US$20,838 as follows:

Date of payment	Amount US$
December 31, 2016 (paid)	2,000
June 30, 2017 (paid)	2,000
December 30, 2017 (paid)	3,838
June 30, 2018 (paid)	3,000
December 31, 2018 (paid)	3,000
June 30, 2019 (paid)	3,000
December 31, 2019 (paid)	4,000
	20,838

In addition, the Company issued 175,090 common shares to the vendors as part of the Second Amended Agreement and issued 12,525 common shares to a vendor in final satisfaction of its 66 2/3% interest in the Mapy Concessions subject to the transfer of title. The balance of the interest (33 1/3%) was earned upon completion of the obligations above.

(Expressed in Canadian dollars)

Centerra Option Agreement

On December 17, 2018, the Company signed an option agreement with Minera Centerra S.A. de C.V. ("Centerra") (a subsidiary of Centerra Gold Inc. ("Centerra Gold") whereby the Company had granted Centerra the right to acquire an initial 51% interest in the Tenoriba Project by completing the following:

Making annual rental payments to the Company to cover its annual cash payments as noted above:

Date	Amount US$
December 17, 2018 (received)	50,000
December 17, 2019 (received)	60,000
December 17, 2020	70,000
December 17, 2021	80,000
December 17, 2022	90,000

And incurring exploration expenditures on the Project totaling US$5,000,000 over 4 years:

Cumulative expenditures by	Amount US$
December 17, 2019	500,000
December 17, 2020	1,500,000
December 17, 2021	3,000,000
December 17, 2022	5,000,000

Centerra would have the right to earn an additional 19% (total 70%) after the fourth year and any time before the end of the seventh year, by incurring an additional US$4 million in exploration expenditures, completing a preliminary economic assessment on the Tenoriba Project, including a mineral resource estimate, and making a payment to the Company of US$550,000 in either cash or common shares of Centerra Gold at the option of Centerra, wherein the number of common shares to be issued is based on the five-day volume weight trading price of a common share of Centerra Gold on the Toronto Stock Exchange immediately prior to the date of issuance.

On November 10, 2020, Centerra terminated the option agreement.

6. Loan from third party

During the year ended January 31, 2019, in connection with the settlement of the Company's property option payments, the Company borrowed $22,214 from a third party. The loan was non-interest bearing and due on demand. On March 29, 2019, the Company settled this loan through issuance of 427,000 common shares of the Company. Accordingly, the Company recognized a gain on settlement of $2,999.

During the year ended January 31, 2020, the Company borrowed $13,109 from a third party and made repayments of $1,951. The loan bore interest at 2.0% per month, was unsecured and due on demand. During the year ended January 31, 2021, the Company repaid the loan and interest.

(Expressed in Canadian dollars)

7. Share capital and reserves

Share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

Year ended January 31, 2021

- On June 15, 2020, the Company completed a private placement through issuance of 4,785,000 common shares at $0.035 per common share for gross proceeds of $167,475. The Company paid $1,400 in share issue costs. Of the total proceeds, $121,975 was applied towards settlement of loan payable and accrued loan interest owed to the CEO of the Company.
- On July 23, 2020, the Company settled $59,993 of debts to officers of the Company and $27,612 in debts to a vendor of the Company by issuing 2,503,000 common shares valued at $87,605. The value of the common shares was based on the share price of common shares on the date of issuance.
- On January 27, 2021, the Company completed a private placement through issuance of 6,885,000 common shares at $0.10 per common share for gross proceeds of $688,500. The Company paid $5,787 in share issue costs. Of the total proceeds, $181,150 was received subsequent to year end and $60,100 was applied towards settlement of loan payable and accrued loan interest owed to the CEO of the Company.

Year ended January 31, 2020

- On March 29, 2019, the Company settled $55,430 of debts to a third party through issuance of 1,108,600 common shares of the Company valued at $49,887 and recognized a gain on settlement of $5,543.
- On March 29, 2019, the Company settled $20,000 of loan from a related party through issuance of 400,000 common shares of the Company valued at $18,000 and recognized a gain on settlement of $2,000.
- On March 29, 2019, the Company settled $22,214 of loan from a third party through issuance of 427,000 common shares of the Company valued at $19,215 and recognized a gain on settlement of $2,999.

The value of the common shares issued above was based on the share price of common shares on the date of issuance.

Stock options

The Company's stock option plan (the "Plan") is a 10% rolling Plan, whereby the maximum number of common shares that may be reserved for issuance shall not exceed 10% of the then outstanding common shares at the time of grant. The terms upon which any options are issued under the Plan are subject to vesting provisions determined by the Board of Directors. The term of any options granted may not exceed five (5) years and their exercise price and vesting conditions will be determined by the Board of Directors pursuant to the policies of the TSX-V.

A summary of the Company's stock options at January 31, 2021 is presented below:

	Number of options	Weighted average exercise price
Options outstanding and exercisable at January 31, 2019	2,313,917	$ 0.09
Cancelled and expired	(505,000)	0.08
Options outstanding and exercisable at January 31, 2020	1,808,917	0.09
Granted	1,347,500	0.06
Options outstanding and exercisable at January 31, 2021	**3,156,417**	**$ 0.08**

(Expressed in Canadian dollars)

The following table sets out the details of the stock options outstanding and exercisable:

Date of grant	**Remaining life (years)**	**Number of options**	**Exercise price**
March 28, 2017	1.2	886,000	$ 0.08
May 25, 2017	1.3	150,000	0.08
December 29, 2017	2.0	772,917	0.12
July 6, 2020	4.4	1,047,500	0.05
November 5, 2020	4.8	100,000	0.06
December 21, 2020	4.9	200,000	0.09
	2.8	3,156,417	$ 0.08

The following table sets out the details of the valuation of share based compensation totaling $62,902 or $0.05 per option that were granted during the year:

Date of grant	Number of options	Risk free interest rate (%)	Expected dividend yield	Expected volatility (%)	Expected life
July 6, 2020	1,047,500	0.38	Nil	173	5 years
November 5, 2020	100,000	0.38	Nil	162	5 years
December 21, 2020	200,000	0.42	Nil	160	5 years

Warrants and brokers warrants
The following table summarizes information on outstanding warrants and brokers warrants as at January 31, 2021:

	Number of warrants	**Weighted average exercise price $**
Outstanding, January 31, 2019	8,205,285	0.13
Expired	(8,205,285)	0.13
Outstanding, January 31, 2020 and 2021	**-**	**-**

8. Loss per share

The calculation of basic loss per share for the year ended January 31, 2021 was based on the loss attributable to common shareholders of $257,520 (January 31, 2020 - $60,701) and weighted average number of common shares outstanding of 36,994,092 (January 31, 2020 - 32,284,516).

9. Related party transactions and key management compensation

The Company defines its key management as directors, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and VP Exploration. For the year ended January 31, 2021, key management compensation and interest expense accrued to CEO totaled $206,688 (2020 - $151,633), including share-based compensation of $47,932 (2020 - $Nil).

(Expressed in Canadian dollars)

The following table summarizes information on related party transactions:

	Year ended January 31	
	2021	2020
Amounts recorded in exploration and evaluation assets:		
VP Exploration geological consulting fees	**$42,000**	$24,143
CEO geological consulting fees	**12,375**	-
Amounts recorded in loss and comprehensive loss:		
CEO management fees	**55,425**	66,000
CFO management fees	**5,910**	-
Former CFO management fees	**8,875**	30,000
Share-based compensation to officers and directors	**47,932**	-
Interest expense on loan from CEO	**34,171**	31,490

As at January 31, 2021, amounts due to related parties were $352,929 (January 31, 2020 - $321,912). This liability represents the accrued consulting fees due to the CEO, VP Exploration and former CFO.

As at January 31, 2021, a loan payable to the CEO amounted to $240,990 (January 31, 2020 - $241,079). The loan bears interest at 13%, is unsecured and due on demand. This liability represents the expenses the CEO has paid on behalf of the Company. As of January 31, 2021, accrued interest on the loan amounted to $nil (January 31, 2020 - $41,469).

On July 23, 2020, $59,993 of the amounts due to related parties were settled by issuance of 1,714,100 common shares of the Company valued at $59,993 (Note 7).

On March 29, 2019, $20,000 of the loan was settled by the issuance of 400,000 common shares of the Company valued at $18,000, which resulted in a gain on settlement of $2,000 (Note 7).

The Company entered into consulting agreements with the CEO and VP Exploration for the provision of consulting services subject to the capitalization of the Company (funds available from a financing, other financing related activities, including project funding, and free of any accruals and debt) as follows:

Annual Base Compensation	CEO	VP Exploration
Financing with net proceeds (“Capitalization”):		
Between $0 to $500,000	$66,000	$42,000
Between $500,000 to $1,000,000	$106,000	$75,500
Greater than $1,000,000	$186,000	$129,500

In addition to base fees noted above, the officers are eligible for a discretionary bonus up to 100% of base fees as recommended by the Compensation Committee and approval by the Board of Directors.

The provision of the services shall continue until April 30, 2022 and shall be extendable by concurrent periods of six months each, unless otherwise terminated. The Company must provide 6 and 12 months written notice of termination for the VP Exploration and CEO, respectively, but reserves the right to waive such notice upon paying the fees, which would have accrued during these periods. Should the Company be subject to a change of control and the agreements terminate, the agreements will terminate immediately, and the Company will be required to pay the base fees equal to 24 and 36 months for the VP Exploration and CEO, respectively, at the rates equivalent to Capitalization greater than $1,000,000, plus an amount equal to any discretionary bonus paid or accrued in the preceding 12 month period, payable in cash, common shares or combination of both at the discretion of the VP Exploration and CEO.

(Expressed in Canadian dollars)

10. General and administrative expenses

General and administrative expenses are comprised of the following:

	For the years ended January 31	
	2021	2020
Shareholder and investor relations	**$27,373**	$7,151
Office costs	**32,460**	5,846
Regulatory and filing fees	**13,191**	10,143
Insurance	**8,592**	5,552
Travel	**5,257**	1,680
	$86,873	$30,372

11. Supplemental cash flow information

	For the years ended January 31	
	2021	2020
Share subscriptions applied towards loan from related party	**$106,435**	$18,000
Share subscriptions applied towards interest payable to related party	**75,640**	-
Shares issued in lieu of settlement of loan from third party	**-**	19,215
Shares issued in lieu of settlement of payables to third party	**27,612**	49,887
Shares issued in lieu of settlement of payables to related parties	**59,993**	-
Share subscriptions applied towards accounts payable	**63,400**	-
Mineral property expenditures included in payables	**124,601**	262,817
Subscription receivable	**181,250**	-
Stock options cancelled and expired	**-**	39,284

12. Financial instrument risk management

Credit risk
The Company's credit risk is primarily attributable to its cash. The risk exposure is limited to its carrying value at the statement of financial position date. Cash is held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments.

Interest rate risk
The Company is not exposed to significant interest rate risk since it has no interest-bearing debt except loan from related party, which bears a fixed rate of interest. Cash is held in accounts of financial institutions that do not bear significant interest.

Liquidity risk
The Company's objective is to ensure that there is sufficient cash available to meet annual business requirements. As of January 31, 2021, the Company had cash of $321,675 to settle current liabilities of $709,344. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on loans from an officer and equity financing to meet its capital requirements.

Price risk
The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk
The Company operates in Canada and Mexico, and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will consequently have an impact upon the reporting results of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by interest rate risk, currency risk or credit risk.

13. Capital risk management

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan and to meet its ongoing administrative costs. At January 31, 2021, the Company's capital consisted of items in shareholders' equity, in the amount of $2,327,444 (January 31, 2020 - $1,585,669).

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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 does not have any externally imposed capital requirements or covenants.

14. Segmented information

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets in Mexico. All of the Company's exploration and evaluation assets are located in Mexico.

15. Income taxes

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

	Year ended January 31	
	2021	2020
	$	$
Loss for the year	**(257,520)**	(60,701)
Expected income tax expense (recovery)	**(68,000)**	(16,000)
Effect of change in statutory and foreign tax rates and other	**-**	9,000
Permanent differences	**18,000**	2,000
Share issue costs	**(2,000)**	-
Adjustment to prior years provision versus statutory returns	**(76,000)**	-
Change in unrecognized deductible temporary differences and other	**128,000**	5,000
Total income tax expense (recovery)	**-**	-

(Expressed in Canadian dollars)

The Company's deferred income tax liability relates to the Mexican mining royalty at the rate of 7.5%, which was enacted in Mexico from January 1, 2014 on a prospective basis and applies to earnings before the deduction of interest, taxes, depreciation and amortization as follows:

	Year ended January 31	
	2021	2020
	$	$
Deferred tax liabilities:		
Exploration and evaluation assets	50,000	50,000

The significant components of the Company's temporary differences and unused tax losses are as follows:

Year ended January 31,	**2021 $**	**Expiry date range**	**2020 $**	**Expiry date range**
Exploration and evaluation assets	**40,000**	**No expiry date**	42,000	No expiry date
Share issue costs	**10,000**	**2041 - 2045**	10,000	2041 - 2043
Non-capital losses	**2,535,000**	**2030 - 2041**	2,045,000	2030 - 2040
Equipment	**37,000**	**No expiry date**	42,000	No expiry date
	2,622,000		2,139,000	

16. Subsequent event

On February 3, 2021, 100,000 stock options with an exercise price of $0.06 per common share were exercised for gross proceeds of $6,000.