RADIUS GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF RADIUS GOLD INC.

Opinion

We have audited the consolidated financial statements of Radius Gold Inc. (the "Company"), which comprise:

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

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this 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.

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In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 15, 2021

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RADIUS GOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at December 31		2020		2019
ASSETS				
Current assets				
Cash and cash equivalents (Note 5)	$	2,223,372	$	1,344,891
Equity investments (Note 6)		899,386		2,275,534
Derivative investments (Note 7)		3,589		1,529
Receivables (Notes 8 and 17)		59,155		71,573
Prepaid expenses and deposits (Note 17)		29,718		49,621
Total current assets		3,215,220		3,743,148
Non-current assets				
Long-term deposits (Note 17)		123,098		123,098
Property and equipment (Note 9)		21,744		32,941
Right-of-use asset (Note 10)		242,031		302,667
Mineral and royalty interests (Note 12)		151,149		117,817
Investment in associate (Note 11)		1		1
Total non-current assets		538,023		576,524
TOTAL ASSETS	**$**	**3,753,243**	**$**	**4,319,672**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 17)	$	97,921	$	106,350
Current portion of lease liability (Note 10)		56,596		49,547
		154,517		155,897
Non-current liabilities				
Lease liability (Note 10)		218,891		275,487
Total liabilities		373,408		431,384
Shareholders' equity				
Share capital (Note 14)		56,694,261		56,647,011
Other equity reserve		7,171,487		7,134,168
Deficit		(57,369,104)		(56,476,067)
Accumulated other comprehensive loss		(3,116,809)		(3,416,824)
Total shareholders' equity		3,379,835		3,888,288
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**3,753,243**	**$**	**4,319,672**

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON APRIL 15, 2021 BY:

"Bruce Smith", Director
Bruce Smith

"William Katzin", Director
William Katzin

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

RADIUS GOLD INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

		2020		**2019**
Exploration expenditures (Note 17)	$	731,021	$	753,960
Write-down of mineral property interests (Note 12)		-		1,259,505
		731,021		2,013,465
General and administrative expenses				
Amortization (Note 9)		13,382		16,255
Depreciation of right-of-use asset (Note 10)		60,636		60,302
Interest expense on lease liability (Note 10)		29,038		32,983
Legal and audit fees		56,466		80,874
Management fees (Note 17)		39,750		42,000
Office and miscellaneous (Notes 13 and 17)		15,284		32,577
Salaries and benefits (Note 17)		81,841		122,275
Share-based compensation (Notes 15)		55,694		172,939
Shareholder communications (Note 17)		57,496		55,613
Transfer agent and regulatory fees (Note 17)		16,297		15,242
Travel and accommodation (Note 17)		6,937		11,219
		432,821		642,279
Loss from operations		(1,163,842)		(2,655,744)
Investment income		6,186		43,875
Foreign currency exchange loss		(43,839)		(19,819)
Gain from mineral property option agreement (Note 12)		306,398		199,170
Fair value gain (loss) on derivative investments (Note 7)		2,060		(130,607)
Net loss for the year	**$**	**(893,037)**	**$**	**(2,563,125)**
Other comprehensive loss				
Items that will not be reclassified subsequently to profit or loss:				
Gains (losses) on sale of equity investments (Note 6)		(1,016,708)		367,933
Fair value gains (losses) on equity investments (Note 6)		1,316,723		(877,998)
Total comprehensive loss	**$**	**(593,022)**	**$**	**(3,073,190)**
Basic and diluted loss per share		$(0.01)		$(0.03)
Weighted average number of common shares outstanding		87,010,783		86,791,467

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

RADIUS GOLD INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Number of common shares	**Share capital**	**Other equity reserve**	**Accumulated other comprehensive loss**	**Deficit**	**Total**
Balance, December 31, 2018	86,749,800	$ 56,599,289	$ 6,979,084	$ (2,906,759)	$(53,912,942)	$ 6,758,672
Loss for the year	-	-	-	-	(2,563,125)	(2,563,125)
Shares issued for mineral property acquisition (Note 12)	33,255	6,617	-	-	-	6,617
Options exercised (Note 14)	155,000	23,250	-	-	-	23,250
Transfer of other equity reserve on exercise of options	-	17,855	(17,855)	-	-	-
Equity investments	-	-	-	(510,065)	-	(510,065)
Share-based compensation (Note 15)	-	-	172,939	-	-	172,939
Balance, December 31, 2019	**86,938,055**	**56,647,011**	**7,134,168**	**(3,416,824)**	**(56,476,067)**	**3,888,288**
Loss for the year	-	-	-	-	(893,037)	(893,037)
Shares issued for mineral property acquisition (Note 12)	30,495	6,375	-	-	-	6,375
Options exercised (Note 14)	150,000	22,500	-	-	-	22,500
Transfer of other equity reserve on exercise of options	-	18,375	(18,375)	-	-	-
Equity investments	-	-	-	300,015	-	300,015
Share-based compensation (Note 15)	-	-	55,694	-	-	55,694
Balance, December 31, 2020	**87,118,550**	**$ 56,694,261**	**$ 7,171,487**	**$ (3,116,809)**	**$(57,369,104)**	**$ 3,379,835**

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

RADIUS GOLD INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019
Cash provided (used in):		
OPERATING ACTIVITIES		
Net loss for the year	$ (893,037)	$ (2,563,125)
Items not involving cash:		
Amortization	13,382	16,255
Gain from mineral property option agreement	(306,398)	(199,170)
Depreciation of right-of-use asset	60,636	60,302
Write-down of mineral property interests	-	1,259,505
Fair value (gain) loss of derivative investments	(2,060)	130,607
Share-based compensation	55,694	172,939
	(1,071,783)	(1,122,687)
Changes in non-cash working capital items:		
Receivables	12,418	168,684
Prepaid expenses and deposits	19,903	(4,932)
Accounts payable and accrued liabilities	(8,429)	35,861
Cash used in operating activities	(1,047,891)	(923,074)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares	22,500	23,250
Repayment of lease obligation	(49,547)	(37,935)
Cash used for financing activities	(27,047)	(14,685)
INVESTING ACTIVITIES		
Purchase of equity investments	(149,952)	(100,000)
Expenditures on mineral property acquisition costs	(164,313)	(59,883)
Proceeds from mineral property option agreements	443,754	265,670
Proceeds from sale of equity investments	1,826,115	572,333
Purchase of property and equipment	(2,185)	(660)
Cash provided by investing activities	1,953,419	677,460
Increase (decrease) in cash and cash equivalents	**878,481**	**(260,299)**
Cash and cash equivalents, beginning of year	1,344,891	1,605,190
Cash and cash equivalents, end of year (Note 5)	**$ 2,223,372**	**$ 1,344,891**

Supplemental Cash Flow Information (Note 21)

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

1. CORPORATE INFORMATION

Radius Gold Inc. (the "Company") was formed by the amalgamation of Radius Explorations Ltd. and PilaGold Inc. effective on July 1, 2004 under the laws of British Columbia.

The Company is engaged in the acquisition and exploration of mineral properties and investment in companies which hold mineral property interests. The address of the Company's head office and principal place of business is 650 – 200 Burrard Street, Vancouver, BC, Canada V6C 3L6.

2. BASIS OF PREPARATION

These consolidated financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

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").

The accounting policies set out in Note 3 have been applied consistently by the Company and its subsidiaries to all periods presented.

Basis of Measurement

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

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

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. A wholly owned subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are deconsolidated from the date control ceases.

Details of the Company's principal subsidiaries at December 31, 2020 and 2019 are as follows:

Name	Place of Incorporation	Interest %	Principal Activity
Minerales Sierra Pacifico S.A.	Guatemala	100%	Exploration company
Radius Gold (U.S.) Inc.	Nevada, USA	100%	Exploration company
Geometales Del Norte-Geonorte	Mexico	100%	Exploration company
Radius (Cayman) Inc	Cayman Islands	100%	Investment Holding company

b) Revenue Recognition

The Company earns revenue from royalty agreements and are based on amounts contractually due. Royalty revenue is measured at fair value of the consideration received or receivable when the Company can reliably estimate the amount, pursuant to the terms of the royalty agreement. For royalty interests, revenue recognition generally occurs in the month of production from the royalty property.

Royalty revenue may be subject to adjustment upon final settlement of estimated metal prices, weights, and assays. Adjustments recorded upon final settlement are offset against revenue when incurred. Variations between the estimated price recorded upon production and the actual final price set upon final settlement are caused by changes in market commodity prices, and result in an embedded derivative in the receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included as a component of royalty revenue. As of December 31, 2020 and 2019, there was no embedded derivative.

c) Investment in Associate

Where the Company has significant influence over the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognized in the consolidated statement of financial position at cost. The Company's share of post-acquisition profits and losses is recognized in profit or loss, except that losses in excess of the Company's investment in the associate are not recognized unless there is an obligation to fund those losses.

Profits and losses arising on transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Company's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the associate. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in the associate arising from changes in the associate's other comprehensive income. Such adjustments to the carrying amount are charged to operations as a gain or loss on dilution in the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Foreign Currency Translation

The functional and presentation currency of the Company and its principal subsidiaries is the Canadian dollar. Transactions denominated in a currency other than an entity's functional currency are translated as follows: unsettled monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the date of the statement of financial position and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in profit or loss.

e) Cash and Cash Equivalents

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

f) Mineral and Royalty Interests

Exploration and evaluation assets

Acquisition costs for exploration and evaluation assets are capitalized and include the cash consideration paid and the fair value of common shares issued on acquisition, at the earlier of the date the counterparty's performance is complete or the share issuance date. Exploration expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be commercially feasible, exploration and development expenditures on the property will be capitalized. On transfer to development properties, capitalized exploration and evaluation assets are assessed for impairment.

Options are exercisable entirely at the discretion of the optionee and amounts received from optionees in connection with option agreements are credited against the capitalized acquisition costs classified as exploration and evaluation assets on the consolidated statement of financial position, with amounts received in excess credited to gain from mineral property option agreements in profit or loss.

Where the Company has entered into option agreements to acquire interests in exploration and evaluation assets that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are recorded as exploration and evaluation costs when the payments are made or received and the share issuances are recorded as exploration and evaluation costs using the fair market value of the Company's common shares at the earlier of the date the counterparty's performance is complete or the share issuance date.

The Company is in the process of exploring and developing its exploration and evaluation assets and has not yet determined the amount of reserves available. Management reviews the carrying value of exploration and evaluation assets on a periodic basis and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the Company will test the asset for impairment based upon a variety of factors, including current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the asset or from the sale of the asset. Amounts shown for exploration and evaluation assets represent costs incurred to date, net of write-downs and recoveries, and are not intended to represent present or future values.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Generally, the timing of these accruals would be when the actual environmental disturbance occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Mineral and Royalty Interests (cont'd)

Royalties

Royalty interests consist of acquired royalties in producing and exploration and evaluation stage properties. They are subsequently measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Producing properties are those that have generated revenue from steady-state operations for the Company. Exploration and evaluation stage properties represent early stage exploration properties that are speculative and are expected to require more than two years to generate revenue, if ever, or are currently not active.

Producing royalty interests are recorded at cost and capitalized in accordance with IAS 16, *Property, Plant and Equipment*. Producing royalty interests are depleted using the units-of-production method over the life of the property to which the interest relates, which is estimated using available estimates of proven and probable reserves specifically associated with the properties. Management relies on information available to it under contracts with the operators and/or public disclosures for information on proven and probable reserves and resources from the operators of the producing royalty interest.

Royalty interests for exploration and evaluation assets are recorded at cost and capitalized in accordance with IFRS 6, *Exploration for and Evaluation of Mineral Resources*. Acquisition costs of exploration and evaluation royalty interests are capitalized and are not depleted until such time as revenue-generating activities begin.

g) Property, Equipment and Amortization

Recognition and Measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses, with the exception of land, which is not amortized.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, that are recognized net within other income in profit or loss.

Amortization

Amortization is recognized in profit or loss and property and equipment is amortized over their estimated useful lives using the following methods:

Leasehold improvements	7 – 8 years straight-line (lease term)
Trucks	4 – 8 years straight-line
Computer equipment	25% - 50% declining balance
Field equipment	30% declining balance
Furniture and equipment	20% declining balance
Geophysical equipment	20% declining balance

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) Right-of-Use Assets

Right-of-Use ("ROU") assets are initially recorded at cost, which comprises the initial amount of the lease liability and any initial direct costs incurred less any lease payments made at or before the initial recognition date. ROU assets are depreciated on a straight-line basis over the estimated useful life of the asset if the Company expects to take ownership of the asset at the end of the lease term, or over the lease term if the Company does not expect to take ownership of the asset at the end of the lease term. The lease term includes periods covered by an option to extend if the Company's intention is to exercise that option. ROU assets are periodically reduced by impairment losses, if any, and adjusted for re-measurements of the lease obligation.

i) Earnings / Loss per Share

Basic earnings / loss per share is calculated by dividing the net earnings loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflects the potential dilution of securities that could share in earnings of the Company.

For the year ended December 31, 2020, potentially dilutive common shares (relating to options outstanding at year-end) totalling 5,595,000 (2019: 4,835,000) were not included in the computation of earnings/loss per share, because their effect was anti-dilutive. As such, basic and diluted earnings and losses per share were the same for the periods presented.

j) Income Taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net loss/income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for those taxable temporary differences arising on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset only to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

k) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "Unit") and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of the Unit's components sold is measured using the residual value approach. The proceeds received are first allocated to common shares at the time the units are priced, and any excess is allocated to warrants.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model or the fair value of the shares granted.

All equity-settled share-based payments are reflected in other equity reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in other equity reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

m) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities may include restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

As at December 31, 2020 and 2019, the Company had no significant asset retirement or rehabilitation obligations.

Other Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n) Impairment of Non-Financial Assets

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs of disposal, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income.

o) Financial Instruments

Financial Assets

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

Financial assets measured at amortized costs

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

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o) Financial Instruments (cont'd)

Financial Liabilities

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

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

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

Cash and cash equivalents	FVTPL
Equity investments	FVTOCI
Derivative investments	FVTPL
Receivables	Amortized cost
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost

p) Lease Liabilities

The lease liability is measured at the present value of the expected lease payments over the lease term, discounted at the implicit rate in the lease; if the rate cannot be determined, the incremental borrowing rate of the asset or asset grouping is used. The lease liability is increased for the passage of time and payments on the lease are offset against the lease liability. The liability is subsequently re-measured when there is a change in the lease agreement, such as a change in future lease payments or if the Company decides to purchase, extend, or terminate the lease option. When the lease liability is re-measured, an adjustment is applied to the carrying value of the ROU asset.

q) Standards, Amendments and Interpretations Not Yet Effective

The Company will be required to adopt the following standard and amendments issued by the IASB as described below:

IFRS 17 Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

This standard will be effective for the Company's annual period beginning January 1, 2021. The Company has assessed that the impact of IFRS 17 on its consolidated financial statements would not be significant.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) Where the Company holds the largest shareholding in an investment and has the power to exercise significant influence through common officers and board members, such an investment is treated as an associate. The Company can exercise significant influence over Rackla Metals Inc. ("Rackla").

b) The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

c) The application of the Company's accounting policy for exploration and evaluation assets and royalty interests requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

   If, after exploration and evaluation assets are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available.

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

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

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) The Company is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

b) In estimating the fair value of share-based payments and derivative instruments, using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates. Changes in assumptions used to estimate fair value could result in materially different results.

c) The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations is estimated using a discount rate similar to the Company's specific borrowing rate.

(Expressed in Canadian Dollars)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company does not hold any deposits with maturities of greater than three months from the date of acquisition. Cash at banks earn interest at floating rates based on daily bank deposit rates. As at December 31, 2020 and 2019, cash and cash equivalents is comprised of the following:

	2020	2019
Cash	$ 269,665	$ 475,089
Cash equivalents	1,953,707	869,802
	$ 2,223,372	$ 1,344,891

6. EQUITY INVESTMENTS

As of December 31, 2020, and 2019, equity investments consisted of the following:

Number of common shares held as at December 31:

	2020	2019
Fortuna Silver Mines Inc. (“Fortuna”)	-	239,385
GrowMax Resources Corp. (“GrowMax”)	1,150,000	1,150,000
Medgold Resources Corp. (“Medgold”)	10,126,500	10,126,500
Metallum Resources Inc. (“Metallum”) (formerly CROPS Inc.)	380,000	6,764,027
Southern Silver Exploration Corp. (“Southern Silver”)	-	767,000
Volcanic Gold Mines Inc. (“Volcanic”)	768,912	460,412
Warrior Gold Inc. (“Warrior”)	233,781	233,781

Subsequent to the year ended December 31, 2020, CROPS Inc. changed its name to Metallum Resources Inc. and completed a share consolidation so that every ten existing common shares were exchanged for one new common share of Metallum. As a result, a total of 380,000 common shares of Metallum held by the Company at the time of consolidation were converted into 38,000 common shares.

During the year ended December 31, 2019, Volcanic completed a share consolidation so that every seven existing common shares were exchanged for one new common share of Volcanic. As a result, a total of 3,222,883 common shares of Volcanic held by the Company at the time of consolidation were converted into 460,412 common shares

	Fortuna	GrowMax	Medgold	Metalla	Metallum
Balance, December 31, 2018	$ 1,196,925	$ 92,000	$ 1,265,813	$ 140,028	$ 89,741
Acquisition of shares	-	-	-	100,000	147,000
Disposition of shares	-	-	-	(165,000)	-
Net change in fair value recorded in other comprehensive loss	69,422	(57,500)	(658,223)	(75,028)	(169,101)
Balance, December 31, 2019	1,266,347	34,500	607,590	-	67,640
Acquisition of shares	-	-	-	-	-
Disposition of shares	(1,472,218)	-	-	-	(1,309,246)
Net change in fair value recorded in other comprehensive loss	205,871	(4,600)	(101,265)	-	1,245,406
Balance, December 31, 2020	**$ -**	**$ 29,900**	**$ 506,325**	**$ -**	**$ 3,800**

(Expressed in Canadian Dollars)

6. EQUITY INVESTMENTS (cont'd)

	Southern Silver	Volcanic	Warrior	Total
Balance, December 31, 2018	$ 245,602	$ 64,458	$ 16,365	$ 3,110,932
Acquisition of shares	-	-	-	247,000
Disposition of shares	(39,400)	-	-	(204,400)
Net change in fair value recorded in other comprehensive loss	887	9,208	2,337	(877,998)
Balance, December 31, 2019	207,089	73,666	18,702	2,275,534
Acquisition of shares	-	149,952	-	149,952
Disposition of shares	(61,359)	-	-	(2,842,823)
Net change in fair value recorded in other comprehensive loss	(145,730)	114,703	2,338	1,316,723
Balance, December 31, 2020	**$ -**	**$ 338,321**	**$ 21,040**	**$ 899,386**

Fortuna has two common directors with the Company, namely, Simon Ridgway and Mario Szotlender. Medgold, Metallum and Volcanic each have one common director with the Company, namely, Simon Ridgway. All of the Company's equity investment companies are publicly listed companies as of December 31, 2020 and 2019.

During the year ended December 31, 2020, the Company completed the following transactions:

i) Purchased in the open market 308,500 common shares of Volcanic at a cost of $149,952.

ii) Sold 239,385 common shares of Fortuna for net proceeds of $1,409,995 and recorded a loss of $62,223 on the sale in other comprehensive income.

iii) Sold 6,384,027 pre-consolidation common shares of Metallum for net proceeds of $93,884 and recorded a loss of $1,215,362 on the sale in other comprehensive income.

iv) Sold 767,000 common shares of Southern Silver for net proceeds of $322,236 and recorded a gain of $260,877 on the sale in other comprehensive income.

During the year ended December 31, 2019, the Company completed the following transactions:

i) Purchased 4,200,000 units of a Metallum private placement at a cost of $210,000. Each unit consists of one pre-consolidation common share of Metallum and one share purchase warrant; each full warrant entitling the Company to purchase one additional pre-consolidation common share of Metallum at $0.05 for one year. Of the private placement cost, $147,000 was recorded as the cost of the common shares and $63,000 was allocated as the fair value of the warrants.

ii) Purchased 166,700 common shares of Metalla by way of exercising 166,700 share purchase warrants at a cost of $100,000.

iii) Sold 492,500 common shares of Southern Silver for net proceeds of $127,099 and recorded a gain of $87,699 on the sale in other comprehensive income.

iv) Sold its entire Metalla holdings of 333,400 common shares for net proceeds of $445,234 and recorded a gain of $280,234 on the sale in other comprehensive income.

The Company also held as at December 31, 2020, 3,973,275 free trading common shares of Rackla with a fair value of $595,991 as at December 31, 2020, which are recorded as an investment in associate (Note 11).

(Expressed in Canadian Dollars)

7. DERIVATIVE INVESTMENTS

As of December 31, 2020, and 2019, derivative investments consisted of the following:

Number of share purchase warrants held as at December 31:

	2020	**2019**
Metallum (pre-consolidation)	685,675	4,885,675
Volcanic	160,714	160,714

	Metalla	**Metallum**	**Volcanic**	**Warrior**	**Total**
Balance, December 31, 2018	$ 63,933	$ 3,586	$ 1,400	$ 217	$ 69,136
Acquisition of warrants	-	63,000	-	-	63,000
Net change in fair value recorded in net loss	(63,933)	(66,261)	(196)	(217)	(130,607)
Balance, December 31, 2019	-	325	1,204	-	1,529
Net change in fair value recorded in net loss	-	1,040	1,020	-	2,060
Balance, December 31, 2020	**$ -**	**$ 1,365**	**$ 2,224**	**$ -**	**$ 3,589**

During the year ended December 31, 2020, the following share purchase warrant activity occurred:

i) 4,200,000 pre-consolidation share purchase warrants of Metallum expired unexercised.

During the year ended December 31, 2019, the following share purchase warrant activity occurred:

ii) Acquired 4,200,000 pre-consolidation share purchase warrants of Metallum pursuant to a private placement of 4,200,000 units (Note 6). Each warrant entitled the Company to purchase one additional pre-consolidation common share of Metallum at $0.05 for one year.

iii) 166,700 share purchase warrants of Metalla were exercised at a cost of $100,000.

iv) Pursuant to the Volcanic share consolidation described in Note 6, the 1,125,000 share purchase warrants of Volcanic held by the Company at the time of consolidation were converted to 160,714 share purchase warrants.

v) 116,890 share purchase warrants of Warrior expired unexercised.

The share purchase warrants for Metallum and Volcanic are not tradable on an exchange.

The fair value of the derivative investments as of December 31, 2020 was determined using the Black-Scholes option pricing model with the following inputs:

	Volatility factor	**Risk-free interest rate**	**Expected Life (years)**	**Expected dividend yield**
Metallum	206%	0.15%	1.22	0%
Volcanic	116%	0.15%	1.18	0%

The fair value of the derivative investments as of December 31, 2019 was determined using the Black-Scholes option pricing model with the following inputs:

	Volatility factor	**Risk-free interest rate**	**Expected Life (years)**	**Expected dividend yield**
Metallum	103% – 115%	1.69%	0.04 – 2.22	0%
Volcanic	113%	1.69%	2.19	0%

(Expressed in Canadian Dollars)

8. RECEIVABLES

	December 31, 2020	December 31, 2019
Royalty receivable	$ 784,180	$ 784,180
Provision for impairment (Note 12 – Guatemala Tambor Project)	(784,180)	(784,180)
Royalty revenue receivable, net	-	-
Sales taxes	11,605	14,482
Exploration expenditure recoveries	14,489	40,439
Other receivables	33,061	16,652
	$ 59,155	**$ 71,573**

The provision for impairment of the royalty receivable was included in profit or loss during the 2016 fiscal year. Uncollectable amounts included in the provision are written off against the provision when there is no expectation of recovery. The royalty revenue receivable was uncollected as of December 31, 2020 as the Company has allowed Kappes, Cassiday & Associates ("KCA") to defer payment of the balance while KCA continues a legal strategy to overturn the suspension of operations of its mine-site and seek compensation from the Guatemalan authorities, from which the Company would seek to benefit as well (Note 12).

9. PROPERTY AND EQUIPMENT

	Leasehold improvements	Trucks	Computer equipment	Furniture and equipment	Geophysical equipment	Field equipment	Total
Cost							
Balance, December 31, 2018	$ 62,762	$ 253,095	$ 252,068	$ 62,656	$ 84,882	$ 2,480	$ 717,943
Additions	-	-	660	-	-	-	660
Balance, December 31, 2019	62,762	253,095	252,728	62,656	84,882	2,480	718,603
Additions	-	-	-	-	-	2,185	2,185
Balance, December 31, 2020	**$ 62,762**	**$ 253,095**	**$ 252,728**	**$ 62,656**	**$ 84,882**	**$ 4,665**	**$ 720,788**
Accumulated amortization							
Balance, December 31, 2018	$ 61,267	$ 228,909	$ 245,168	$ 55,647	$ 75,936	$ 2,480	$ 669,407
Charge for year	1,495	9,301	2,268	1,402	1,789	-	16,255
Balance, December 31, 2019	62,762	238,210	247,436	57,049	77,725	2,480	685,662
Charge for year	-	8,455	1,629	1,122	1,521	655	13,382
Balance, December 31, 2020	**$ 62,762**	**$ 246,665**	**$ 249,065**	**$ 58,171**	**$ 79,246**	**$ 3,135**	**$ 699,044**
Carrying amounts							
At December 31, 2019	$ -	$ 14,885	$ 5,292	$ 5,607	$ 7,157	$ -	$ 32,941
At December 31, 2020	**$ -**	**$ 6,430**	**$ 3,663**	**$ 4,485**	**$ 5,636**	**$ 1,530**	**$ 21,744**

(Expressed in Canadian Dollars)

10. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company has a lease agreement for its headquarter office space in Vancouver, British Columbia. Upon transition to IFRS 16 on January 1, 2019, the Company recognized $362,969 for a ROU asset and $362,969 for a lease liability.

The continuity of the ROU asset and lease liability for the years ended December 31, 2020 and 2019 are as follows:

Right-of-use asset		
Value of right-of-use asset recognized as at January 1, 2019	$	362,969
Depreciation		(60,302)
Value of right-of-use asset as at December 31, 2019		302,667
Depreciation		(60,636)
Value of right-of-use asset as at December 31, 2020	**$**	**242,031**

Lease liability		
Lease liability recognized as of January 1, 2019	$	362,969
Lease payments		(70,918)
Lease interest		32,983
Lease liability recognized as of December 31, 2019		325,034
Lease payments		(78,585)
Lease interest		29,038
Lease liability recognized as of December 31, 2020	**$**	**275,487**

Current portion	$	56,596
Long-term portion		218,891
	$	**275,487**

11. INVESTMENT IN ASSOCIATE

Rackla

As at December 31, 2020, the Company held 3,973,275 (2019: 3,973,275) common shares of Rackla, representing 15.7% (2019: 19.6%) of Rackla's outstanding common shares.

Rackla meets the definition of an associate and has been equity accounted for in the consolidated financial statements.

The following table shows the continuity of the Company's investment in Rackla for years ended December 31, 2020 and 2019:

Balance, December 31, 2018, 2019, and 2020	**$**	**1**

Prior to the 2015 fiscal year the Company's share of losses in Rackla exceeded the carrying value of its interest and therefore the Company discontinued recognizing its share of further losses. The cumulative unrecognized share of losses for the associate as at December 31, 2020 is $689,982 (2019: $655,382).

(Expressed in Canadian Dollars)

11. INVESTMENT IN ASSOCIATE (cont'd)

The financial statement balances of Rackla are as follows:

	December 31, 2020	December 31, 2019
Total current assets	$ 36,563	$ 19,350
Total assets	$ 107,564	$ 80,351
Total liabilities	$ 47,748	$ 308,347
Net loss	$ 220,441	$ 273,047

At December 31, 2020, the fair value of the 3,973,275 common shares of Rackla was $595,991 (2019: $397,328) based on the market price of the common shares of Rackla.

12. MINERAL INTERESTS AND ROYALTIES

Acquisition costs	Mexico	United States	Guatemala	Peru	Total
Balance, December 31, 2018	$ -	$ 117,816	$ 1	$ 1,259,505	$ 1,377,322
Additions – cash	59,883	-	-	-	59,883
Additions – shares	6,617	-	-	-	6,617
Acquisition costs recovered	(66,500)	-	-	-	(66,500)
Write-off acquisition costs	-	-	-	(1,259,505)	(1,259,505)
Balance, December 31, 2019	-	117,816	1	-	117,817
Additions – cash	164,313	-	-	-	164,313
Additions – shares	6,375	-	-	-	6,375
Acquisition costs recovered	(137,356)	-	-	-	(137,356)
Balance, December 31, 2020	**$ 33,332**	**$ 117,816**	**$ 1**	**$ -**	**$ 151,149**

Mexico

i) Amalia Project (including the Palmillas Property)

In 2017, the Company signed a binding agreement with a private individual to option the Amalia Project in the State of Chihuahua, Mexico. The Company can earn a 100% interest in the Amalia Project by making an initial cash payment of US$5,000 (paid) and by completing staged payments over a period of five years totaling US$845,000 cash (US$145,000 paid, of which $111,078 / US$80,000 was paid during the year ended December 31, 2020) and US$15,000 in shares of the Company (US$15,000 in shares issued, of which $6,375 / US$5,000 in shares was issued during the year ended December 31, 2020).

In 2018, the Company entered into an option agreement with Pan American Silver Corp. ("Pan American") whereby Pan American can earn an initial 65% interest in the Amalia Project and the Palmillas Property (described below) by making cash payments to the Company totaling US$1.5 million and expending US$2.0 million on exploration over four years. Pan American may earn an additional 10% by advancing the property to a preliminary feasibility stage. As of December 31, 2020, cash payments totaling $536,188 (US$400,000) has been received, of which $206,398 (US$150,000) was received in during the year ended December 31, 2020. The option payment of $206,398 received during the current year was recorded as a gain from mineral property option agreements (2019: $199,170).

12. MINERAL INTERESTS AND ROYALTIES (cont'd)

Mexico (cont'd)

i) Amalia Project (including the Palmillas Property) (cont'd)

In November 2019, the Company signed a binding agreement with a private family to option the Palmillas property that adjoins the Amalia Project in the State of Chihuahua, Mexico. The Company can earn a 100% interest in the Palmillas property by completing staged payments over a period of five years totaling US$350,000 of which $6,742 (US$5,000) was paid in 2019 upon signing of the agreement, $19,903 (US$15,000) was paid during the current year and US$200,000 is a final payment at the end of five years. The owners retain a 1% NSR royalty.

Pursuant to the Company's option agreement with Pan American on the Amalia Project, Pan American had the right to elect to pay the acquisition costs of the Palmillas property and add the property to the Amalia Project. During the year ended December 31, 2020, Pan American elected to exercise this right.

ii) Plata Verde Project

During the year ended December 31, 2020, the Company entered into an option agreement with a local concession holder to acquire the Plata Verde Project which consisted of the 300 hectare Don Benja concession located in the State of Chihuahua, Mexico. The Company can earn a 100% interest in the Don Benja concession by making staged payments totaling US$801,000 over four years, of which the final payment is US$400,000 at the end of the fourth year. To December 31, 2020, the Company has made payments totaling $21,206 (US$16,000). The concession holder retains a 1% NSR royalty which the Company can buy back for US$1,000,000.

During the year ended December 31, 2020, the Company also entered into an option agreement with local concession holders to acquire the 500 hectare Don Jose concession that surrounds the Don Benja concession, bringing the Company's holdings at Plata Verde to 800 hectares. The Company can earn a 100% interest in the Don Jose concession by making staged payments totaling US$500,000 over four years, of which the final payment is US$185,000 at the end of the fourth year. The Company has paid US$9,000 ($12,126) upon signing of the agreement. The concession holders retain a 1% NSR royalty which the Company can buy back for US$600,000.

The Company is responsible for paying taxes owing on the properties of up to US$138,000.

iii) Maricela Project

Subsequent to December 31, 2020, the Company entered into an option agreement to acquire the Maricela group of properties located in the State of Sonora that covers several mineral concessions totaling 155 hectares. The Company can earn a 100% interest in the Maricela Project by making staged payments to the private property owner totaling US$1,250,000 over three years with a final payment of US$1,060,000 due at the end of year three. A total of US$30,000 has been paid subsequent to December 31, 2020. The property owner retains a 1% NSR royalty which the Company can purchase back for US$1,000,000.

iv) Rambler Project

During the year ended December 31, 2019, the Company staked a 10,379-hectare property called the Rambler Project, located in the State of Chihuahua.

v) Tinamaxte Property

In October 2019, the Company entered into an option agreement with a private individual to acquire a 100% interest in the Tinamaxte Property in the State of Sonora, Mexico. The Company made an initial cash option payment in 2019 of US$15,000. Prior to the end of 2019, the Company terminated the option agreement after it was unsuccessful in negotiating an access agreement with the local community.

12. MINERAL INTERESTS AND ROYALTIES (cont'd)

Mexico (cont'd)

vi) Lithium Brine Projects

In 2016, the Company submitted applications for mineral concessions covering four lithium brine projects in the States of Chihuahua and Coahuila, Mexico at a cost of $23,748.

In 2017, the Company submitted an application for an additional 10,000-hectare mineral concession covering an adjacent lithium brine project in the State of Chihuahua, but subsequently withdrew this and allowed three other lithium applications in Chihuahua to lapse. The Company currently retains one application in the State of Coahuila.

USA

i) Bald Peak Property

In 2017, the Company acquired a 100% interest in the Bald Peak gold property from Nevada Select Royalty, Inc. ("Nevada Select") in consideration of a cash payment to Nevada Select of $46,032 (US$35,115), the granting to Nevada Select and/or a former property owner of a total 3% NSR royalty, and making annual advance royalty payments to Nevada Select of US$25,000. The advance royalty payments become payable on the date the Company receives a drill permit for the property and on each annual anniversary thereof so long as the Company holds title to the property. The Company has the right to reduce either royalty by 1% by paying US$1.0 million to Nevada Select, and/or US$500,000 to the former owner.

In 2017, the Company staked an additional 113 unpatented mining claims at a cost of $71,784, increasing the land position of the Bald Peak Property to 140 unpatented mining claims in Mineral County, Nevada and 11 unpatented mining claims and one mineral prospecting licence in Mono County, California. During the year ended December 31, 2020, the Company allowed a portion of the Mineral County claims to lapse, reducing the unpatented mining claims in Nevada from 140 to 50.

Guatemala

i) Southeast Guatemala Ag-Au Epithermal Fields (formerly called Banderas)

The Company's 100% owned land holdings in southeast Guatemala as at December 31, 2020 consist of 32 concessions (one granted exploration licence, twenty-seven exploration applications, three exploitation applications, and one reconnaissance application) filed with the Guatemala Ministry of Energy and Mines covering a total of 222,209 hectares. The three exploitation applications were filed in order to convert one previously granted exploration licence to exploitation; until the exploitation licences are granted, the granted exploration licence remains in place.

In May 2020, the Company signed an agreement whereby it granted to Volcanic the exclusive option (the "Option") to acquire a 60% interest in the Company's granted exploration licence (known as the Holly and Banderas gold-silver properties) (the "Properties"). Volcanic may exercise the Option by raising a minimum $3.0 million financing (completed on July 27, 2020) and spending US$7.0 million on exploration of the Properties within 48 months from the date drilling permits for the Properties are granted (granted subsequent to December 31, 2020). An initial US$1.0 million must be spent on exploration within 12 months of receiving the required drill permits, including a minimum 3,000 metres of drilling. Volcanic was also required to make a cash payment to the Company of $100,000 which was received during the current year and recorded as a gain on mineral property option agreements. Upon exercise of the Option, Volcanic will enter into a standard 60/40 joint venture with the Company in order to further develop the Properties.

Volcanic also has the exclusive right for 24 months following the execution of the Option to evaluate the Company's other land holdings in Guatemala and to enter into an agreement to acquire an interest in any of such other properties on reasonable mutually agreed upon terms.

12. MINERAL INTERESTS AND ROYALTIES (cont'd)

Guatemala (cont'd)

ii) Tambor Project Royalty

In 2012, the Company sold its interest in its subsidiary, Exploraciones Mineras de Guatemala S.A., which holds the Tambor gold project, to KCA, giving KCA a 100% interest in the project. KCA agreed to make royalty payments to the Company, upon commercial production, based on the then price of gold and the number of ounces produced from the property.

Commercial production commenced in December 2014. In May 2016, KCA informed the Company that mining operations were suspended by the Supreme Court of Guatemala due to a lack of consultation by the Guatemalan Ministry of Mines with local indigenous people when the mine was permitted in 2011. To date, the Supreme Court has not made a decision on when the mine may re-open.

There was no royalty income recognized for the years ended December 31, 2020 and 2019.

As at December 31, 2020, all gold sales subject to the Company's royalty had been final settled and the balance that remained unpaid to the Company was $784,180. Due to the uncertainty as to when the mine may re-open and when the amount owing by KCA to the Company will be paid, a provision of $784,180 against the receivable amount was charged to operations in 2016.

Peru

Bayovar 12 Project Royalty

In April 2015, the Company purchased from Metallum a production royalty equivalent to 2% on Metallum's formerly held 70% interest in future phosphate production from the Bayovar 12 project located in the Sechura district of northern Peru. The purchase price for the royalty was $1,259,505 (US$1,000,000). During the year ended December 31, 2020, Metallum decided to relinquish its rights to the Bayovar 12 project. The Company wrote off the acquisition cost of $1,259,505 in 2019.

The Company and Metallum have one common director.

(Expressed in Canadian Dollars)

13. COMMITMENTS

The Company has entered into an operating lease agreement for its office premises. The Company also rents space to other companies related by common directors and officers on a month to month basis, the amounts of which are netted against rental expense; however, there are no commitments from these companies and thus the amounts presented below are the gross commitments. The annual commitments under the lease are as follows:

2021	$	128,119
2022		130,035
2023		131,952
2024		133,869
	$	523,975

For the year ended December 31, 2020, the Company received a total of $90,708 (2019: $160,734) from those companies which share office space with the Company.

14. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

During the year ended December 31, 2020, the following share capital activity occurred:

i) a total of 150,000 stock options were exercised for proceeds of $22,500. The Company reallocated the fair value of these options previously recorded in the amount of $18,375 from other equity reserve to share capital; and

ii) the Company issued 30,495 common shares with a value of $6,375 (US$5,000) pursuant to its option agreement on the Amalia Project (Note 12).

During the year ended December 31, 2019, the following share capital activity occurred:

iii) A total of 155,000 options were exercised for gross proceeds of $23,250. The Company reallocated the fair value of these options previously recorded in the amount of $17,855 from other equity reserve to share capital; and

iv) the Company issued 33,255 common shares with a value of $6,617 (US$5,000) pursuant to its option agreement on the Amalia Project (Note 12).

15. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a formal stock option plan in accordance with the policies of the TSX Venture Exchange ("TSX-V") under which it is authorized to grant options up to 10% of its outstanding shares to officers, directors, employees, and consultants. The exercise price of each option is not less than the closing market price of the Company's stock on the trading day prior to the date of grant. Options granted to investor relations personnel vest in accordance with TSX-V regulations. The options are for a maximum term of ten years.

(Expressed in Canadian Dollars)

15. SHARE-BASED PAYMENTS (cont'd)

The following is a summary of changes in options for the year ended December 31, 2020:

Grant date	Expiry date	Exercise price	Opening balance	During the year Granted	During the year Exercised	During the year Cancelled / expired	Closing balance	Vested and exercisable
Jan 8, 2010	Jan 7, 2020	$0.29	10,000	-	-	(10,000)	-	-
Jul 29, 2019	Dec 1, 2022	$0.24	150,000	-	-	(150,000)	-	-
Dec 13, 2012	Dec 12, 2022	$0.20	1,585,000	-	-	(90,000)	1,495,000	1,495,000
Oct 19, 2016	Oct 18, 2026	$0.15	1,410,000	-	(150,000)	(30,000)	1,230,000	1,230,000
May 22, 2018	May 21, 2028	$0.15	1,490,000	-	-	-	1,490,000	1,490,000
Nov 5, 2018	Nov 4, 2028	$0.15	200,000	-	-	-	200,000	200,000
Oct 8, 2019	Oct 7, 2029	$0.25	850,000	-	-	-	850,000	850,000
Mar 16, 2020	Mar 15, 2030	$0.15	-	280,000	-	-	280,000	280,000
Dec 9, 2020	Dec 8, 2030	$0.27	-	50,000	-	-	50,000	50,000
			5,695,000	**330,000**	**(150,000)**	**(280,000)**	**5,595,000**	**5,595,000**
Weighted average exercise price			$0.18	$0.17	$0.15	$0.22	$0.18	$0.18

The weighted average stock price for options exercised during the year ended December 31, 2020 was $0.35 per share (2019: $0.29).

The following is a summary of changes in options for the year ended December 31, 2019:

Grant date	Expiry date	Exercise price	Opening balance	During the year Granted	During the year Exercised	During the year Cancelled / expired	Closing balance	Vested and exercisable
Jan 8, 2010	Jan 7, 2020	$0.29	10,000	-	-	-	10,000	10,000
Jul 29, 2019	Dec 1, 2022	$0.24	-	150,000	-	-	150,000	37,500
Dec 13, 2012	Dec 12, 2022	$0.20	1,585,000	-	-	-	1,585,000	1,585,000
Oct 19, 2016	Oct 18, 2026	$0.15	1,540,000	-	(130,000)	-	1,410,000	1,410,000
May 22, 2018	May 21, 2028	$0.15	1,515,000	-	(25,000)	-	1,490,000	1,490,000
Nov 5, 2018	Nov 4, 2028	$0.15	200,000	-	-	-	200,000	200,000
Oct 8, 2019	Oct 7, 2029	$0.25	-	850,000	-	-	850,000	850,000
			4,850,000	**1,000,000**	**(155,000)**	**-**	**5,695,000**	**5,582,500**
Weighted average exercise price			$0.17	$0.25	$0.15	-	$0.18	$0.18

b) Fair Value of Options Granted During the Year

The weighted average fair value at grant date of options granted during the year ended December 31, 2020 was $0.13 per option (2019: $0.19).

The weighted average remaining contractual life of the options outstanding at December 31, 2020 is 5.93 years (2019: 6.55 years).

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(Expressed in Canadian Dollars)

15. SHARE-BASED PAYMENTS (cont'd)

b) Fair Value of Options Granted During the Year (cont'd)

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The model inputs for options granted during the year ended December 31, 2020 included:

Grant date	Expiry date	Share price at grant date	Exercise price	Risk-free interest rate	Expected life	Volatility factor	Dividend yield
Mar 16, 2020	Mar 15, 2030	$0.14	$0.15	0.84%	10 years	81%	0%
Dec 9, 2020	Dec 8, 2030	$0.30	$0.27	0.81%	10 years	81%	0%

The model inputs for options granted during the year ended December 31, 2019 included:

Grant date	Expiry date	Share price at grant date	Exercise price	Risk-free interest rate	Expected life	Volatility factor	Dividend yield
Jul 29, 2019	Dec 1, 2022	$0.23	$0.24	1.43%	3.35 years	86%	0%
Oct 8, 2019	Oct 7, 2029	$0.24	$0.25	1.29%	10 years	81%	0%

The expected volatility is based on the historical volatility (based on the remaining contractual life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

c) Expenses Arising from Share-based Payment Transactions

Total expenses arising from the share-based payment transactions recognized during the year ended December 31, 2020 as part of share-based compensation expense were $55,694 (2019: $172,939).

(Expressed in Canadian Dollars)

16. INCOME TAXES

Taxation in the Company and its subsidiaries' operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	December 31, 2020	**December 31, 2019**
Loss before income taxes	$ (893,037)	$ (2,563,125)
Tax recovery based on the statutory rate of 27%	(241,000)	(692,000)
Non-deductible expenses	(416,000)	39,000
Different tax rates in other jurisdictions	(21,000)	(34,000)
Non-taxable portion of capital gains	-	(50,000)
Under provided in prior years	158,000	-
Changes in unrecognized deferred tax assets	520,000	737,000
Total income tax expense / (recovery)	**$ -**	**$ -**

The tax rates represent the federal statutory rate applicable for the 2020 taxation year, 0% for Cayman Islands, 27% for the United States, 30.0% for Mexico and 25.0% for Guatemala.

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered:

	December 31, 2020	**December 31, 2019**
Loss carry forwards	$ 2,663,000	$ 2,294,000
Property and equipment	13,000	(8,000)
Lease liability	74,000	88,000
Mineral properties	2,081,000	2,091,000
Available-for-sale investments	381,000	423,000
Investment in Associates	492,000	492,000
Other deductible temporary differences	411,000	411,000
Unrecognized tax assets	(6,115,000)	(5,791,000)
	$ -	**$ -**

As at December 31, 2020, the Company has estimated non-capital losses of $9,132,000 (2019: $7,768,000) for Canadian income tax purposes and $658,000 (2019: $610,000) for Mexico income tax purposes that may be carried forward to reduce taxable income derived in future years. Non-capital Canadian tax losses expire in various amounts from 2026 to 2040. Non-capital Mexico tax losses expire in various amounts until 2030.

(Expressed in Canadian Dollars)

17. RELATED PARTY TRANSACTIONS

The Company had transactions during the years ended December 31, 2020 and 2019 with related parties who consisted of directors, officers, and the following companies with common directors:

Related Party	Nature of Transactions
Mill Street Services Ltd. ("Mill Street")	Management fees
Gold Group Management Inc. ("Gold Group")	Shared general and administrative expenses
Volcanic	Investment and exploration support
Metallum	Investment
Rackla (Associate)	Investment and shared personnel expenses

In addition to related party transactions disclosed elsewhere in the consolidated financial statements, the Company incurred the following expenditures charged by non-key management officers and companies which have common directors with the Company in the years ended December 31, 2020 and 2019:

		2020		2019
General and administrative expenses:				
Salaries and benefits	$	9,200	$	20,800
Exploration expenditures:				
Salaries and benefits		17,186		15,922
	$	**26,386**	**$**	**36,722**

The Company reimburses Gold Group, a company controlled by Simon Ridgway, a Director of the Company, for shared administrative costs and other business-related expenses paid by Gold Group on behalf of the Company. During the years ended December 31, 2020 and 2019, the Company reimbursed Gold Group the following:

		2020		2019
General and administrative expenses:				
Office and miscellaneous	$	28,086	$	31,876
Shareholder communications		10,450		5,885
Salaries and benefits		77,744		116,160
Transfer agent and regulatory fees		4,439		4,005
Travel and accommodation		5,962		7,322
	$	**126,681**	**$**	**165,248**
Exploration expenditures	**$**	**1,214**	**$**	**2,886**

Gold Group salaries and benefits costs for the years ended December 31, 2020 and 2019 include those for the Chief Financial Officer and Corporate Secretary.

During the year ended December 31, 2020, the Company was reimbursed $164,835 (2019: $NIL) from Volcanic, a company which has a common director with the Company, for exploration costs incurred on behalf of Volcanic and relating to the option agreement between the two parties (Note 12).

Receivables include an amount of $6,053 (2019: $7,445) owed from Rackla, a company which has two common directors with the Company, for shared exploration personnel costs, $4,700 (2019: $Nil) owed from Gold Group for shared administrative costs, and $11,735 (2019: $Nil) owed from Volcanic.

(Expressed in Canadian Dollars)

17. RELATED PARTY TRANSACTIONS (cont'd)

Prepaid expenses and deposits include an amount of $1,823 (2019: $5,115) paid to Gold Group for shared office and administrative services.

Long-term deposits include an amount of $60,000 (2019: $60,000) paid to Gold Group as a deposit on the shared office and administrative services agreement.

Accounts payable and accrued liabilities include $Nil (2019: $4,853) payable to Gold Group for shared administrative costs.

During the year ended December 31, 2019, the Company purchased 4,200,000 pre-consolidation units in a Metallum private placement at a cost of $210,000 (Note 6).

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

		2020		2019
Management fees	$	39,750	$	42,000
Geological fees included in exploration expenditures		58,000		60,000
Salaries, benefits and fees*		22,733		34,375
	$	**120,483**	**$**	**136,375**

*Included in reimbursements to Gold Group

Key management compensation includes management and geological fees paid to Mill Street, a company controlled by Simon Ridgway.

(Expressed in Canadian Dollars)

18. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to mineral exploration except for a royalty interest in a gold producing property. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby exploration managers are responsible for business results and regional corporate offices provide support to the exploration programs in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's assets were located in Canada, USA, Guatemala, Mexico, and Cayman Islands. Details of identifiable assets by geographic segments are as follows:

Year ended December 31, 2020	**Canada**	**USA**	**Guatemala**	**Mexico**	**Other**	**Consolidated**
Exploration expenditures	$ -	$ 86,670	$ 50,147	$ 508,118	$ 86,086	$ 731,021
Gain from mineral property option agreements	-	-	100,000	206,398	-	306,398
Investment income	6,186	-	-	-	-	6,186
Amortization	4,747	-	-	8,635	-	13,382
Depreciation on right-of-use asset	60,636	-	-	-	-	60,636
Interest expense on lease liability	29,038	-	-	-	-	29,038
Net income (loss)	(474,699)	(86,670)	49,853	(391,125)	9,604	(893,037)
Capital expenditures*	2,185	-	-	170,688	-	172,873

Year ended December 31, 2019	**Canada**	**USA**	**Guatemala**	**Mexico**	**Other**	**Consolidated**
Exploration expenditures	$ -	$ 118,696	$ 148,339	$ 388,483	$ 98,442	$ 753,960
Mineral property acquisition costs written off	-	-	-	-	1,259,505	1,259,505
Gain from mineral property option agreements	-	-	-	199,170	-	199,170
Investment income	43,875	-	-	-	-	43,875
Amortization	6,756	-	-	9,499	-	16,255
Depreciation on right-of-use asset	60,302	-	-	-	-	60,302
Interest expense on lease liability	32,983	-	-	-	-	32,983
Net income (loss)	(790,177)	(118,696)	(148,339)	(188,715)	(1,317,198)	(2,563,125)
Capital expenditures*	-	-	-	67,160	-	67,160

*Capital expenditures consists of additions of property and equipment and exploration and evaluation assets

As at December 31, 2020	**Canada**	**USA**	**Guatemala**	**Mexico**	**Other**	**Consolidated**
Total current assets	$ 3,038,782	$ -	$ 33,872	$ 134,006	$ 8,560	$ 3,215,220
Total non-current assets	380,163	117,816	-	40,044	-	538,023
Total assets	**$ 3,418,945**	**$ 117,816**	**$ 33,872**	**$ 174,050**	**$ 8,560**	**$ 3,753,243**
Total liabilities	**$ 338,634**	**$ -**	**$ 22,125**	**$ 12,649**	**$ -**	**$ 373,408**

As at December 31, 2019	**Canada**	**USA**	**Guatemala**	**Mexico**	**Other**	**Consolidated**
Total current assets	$ 2,365,556	$ -	$ 8,005	$ 85,380	$1,284,207	$ 3,743,148
Total non-current assets	443,361	117,816	-	15,347	-	576,524
Total assets	**$ 2,808,917**	**$ 117,816**	**$ 8,005**	**$ 100,727**	**$1,284,207**	**$ 4,319,672**
Total liabilities	**$ 407,291**	**$ -**	**$ 13,823**	**$ 10,270**	**$ -**	**$ 431,384**

(Expressed in Canadian Dollars)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in foreign countries. The Company monitors this exposure but has no hedge positions. As at December 31, 2020 and 2019, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	December 31, 2020			**December 31, 2019**		
	US Dollar	**Mexican Peso**	**Guatemala Quetzal**	**US Dollar**	**Mexican Peso**	**Guatemala Quetzal**
	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)
Cash	$ 130,620	$ 1,128	$ 2,843	$ 49,500	$ 965	$ 2,925
Receivables	11,300	5,235	-	28,248	5,557	-
Current liabilities	(10,557)	-	(2,780)	(38,991)	(1,503)	(13,823)
	$ 131,363	**$ 6,363**	**$ 63**	**$ 38,757**	**$ 5,019**	**$ (10,898)**

Based on the above net exposures at December 31, 2020, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a $13,800 (2019: $3,300) increase or decrease in profit or loss, respectively.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Commodity Price Risk

The Company's royalty revenue is derived from a royalty interest that is based on the extraction and sale of gold. Factors beyond the control of the Company may affect the marketability of gold discovered. Gold prices have historically fluctuated widely. Consequently, the economic viability of the Company's royalty interest cannot be accurately predicted and may be adversely affected by fluctuations in gold prices. The Company has not engaged in any hedging activities. The Company is not exposed to commodity price risk as the Company has not earned any royalties during the years ended December 31, 2020 and 2019.

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 have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be limited as it holds no assets or liabilities subject to variable rates of interest.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's equity investments consisting of common shares and derivative investments consisting of share purchase warrants are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the investments are held. The Company's equity investments are monitored by the Board with decisions on sale or exercise taken by Management. A 10% decrease in fair value of the shares and warrants would result in an approximate $90,000 (2019: $228,000) decrease in comprehensive income and shareholders' equity.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, equity investments, derivative investments and receivables. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company does not have cash and cash equivalents or equity investments that are invested in asset based commercial paper. For advances and other receivables, the Company estimates, on a continuing basis, the probable losses and provides a provision for losses based on the estimated realizable value.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At December 31, 2020, the Company had working capital of $3.1 million (2019: $3.6 million) available to apply against short-term business requirements. All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms with the expectation of the Company's lease liability which matures based on the lease agreement.

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Management considers that due to their short-term nature the carrying amounts of financial assets and financial liabilities, which include cash and cash equivalents, receivables, deposits, and accounts payables and accrued liabilities are assumed to approximate their fair values.

(Expressed in Canadian Dollars)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Determination of Fair value (cont'd)

The fair value investments in associate are detailed in the following table:

	December 31, 2020 Book value	December 31, 2020 Fair value
Financial assets		
Shares held in Rackla (Note 11)	$ 1	$ 595,991

Fair Value Hierarchy

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

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

The equity investments are based on quoted prices and are therefore considered to be Level 1. The derivative instruments are based on inputs other than quoted prices and therefore considered to be Level 3. The lease liability is based on prices and therefore considered to be Level 2. As of December 31, 2020, there was no embedded derivative on royalty income receivables derived from gold prices to include as a Level 2 measurement and therefore no fair value measurement was necessary.

20. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and adjusts it to effectively support the acquisition and exploration of mineral properties. 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 general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company monitors its cash and cash equivalents, equity investments, derivative investments, common shares, warrants and stock options as capital. There were no changes in the Company's approach to capital management during the year ended December 31, 2020. The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to carry out its planned exploration programs and operating costs for the next twelve months.

(Expressed in Canadian Dollars)

21. SUPPLEMENTAL CASH FLOW INFORMATION

	2020	2019
Shares issued for mineral property option payment	$ 6,375	$ 6,617
Taxes paid	-	-
Interest paid	-	-

22. EVENTS AFTER THE REPORTING DATE

Subsequent to December 31, 2020, the following events which have not been disclosed elsewhere in these consolidated financial statements have occurred:

i) A total of 125,000 stock options with an exercise price of $0.15 per share were exercised for proceeds of $18,750.

ii) The Company granted 50,000 stock options with an exercise price of $0.34 per share, and 50,000 stock options with an exercise price of $0.24 per share.