PROSPER GOLD CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PROSPER GOLD CORP.

Opinion
We have audited the financial statements of Prosper Gold Corp. (the "Company"), which comprise:
- the statements of financial position as at October 31, 2020 and 2019;
- the statements of comprehensive loss for the years then ended;
- the statements of changes in shareholders' equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2020 and 2019, and its financial performance and 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to note 1 in the financial statements, which indicates that the Company incurred a comprehensive loss of $1,010,946 during the year ended October 31, 2020 and, as of that date, the Company’s deficit is $15,279,727. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises Management’s Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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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 Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
February 25, 2021

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PROSPER GOLD CORP.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	As at October 31, 2020	October 31, 2019
ASSETS			
Current assets			
Cash		**$ 2,346,449**	$ 525,616
Amounts receivable		**78,560**	35,352
Prepaid expenses and deposit	12	**89,454**	19,064
		2,514,463	580,032
Non-current assets			
Reclamation deposits	6	**219,000**	190,000
Equipment	7	**24,533**	19,930
Mineral properties	8	**798,541**	625,942
		$ 3,556,537	$ 1,415,904
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12(b), 13	**$ 290,190**	$ 223,745
Loan payable	9	**35,986**	-
Deferred gain on loan payable	9	**4,014**	-
		40,000	-
		330,190	223,745
SHAREHOLDERS' EQUITY			
Share capital	10	**16,382,054**	13,416,665
Reserves	11	**2,124,020**	2,067,472
Deficit		**(15,279,727)**	(14,291,978)
		3,226,347	1,192,159
		$ 3,556,537	$ 1,415,904

These financial statements were approved by the Board of Directors and authorized for issue on February 25, 2021. They are signed on behalf of the Board of Directors by:

/s/ "Peter Bernier"   */s/ "Jason Hynes"*

Peter Bernier
Director

Jason Hynes
Director

The accompanying notes are an integral part of these financial statements

PROSPER GOLD CORP.

Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Years ended October 31, 2020	October 31, 2019
Expenses			
Exploration expenditures	8, 13	**$ 501,423**	$ 773,738
General and administrative	13	**185,325**	114,515
Management salaries and fees (recovery)	13	**84,231**	(233,794)
Professional fees		**47,556**	20,744
Share-based payments	11(b), 13	**49,773**	147,030
Transfer agent, listing and filing fees		**29,562**	13,061
		897,870	835,294
Other income and loss			
Interest income		**(3,516)**	(3,888)
Other income	10	**-**	(8,167)
Write-off of mineral properties	8	**116,592**	158,404
		113,076	146,349
Net loss and comprehensive loss for year		**$ 1,010,946**	$ 981,643
Loss per share			
Basic and diluted		**$ 0.12**	$ 0.16
Weighted average number of common shares outstanding		**8,334,993**	6,264,476

The accompanying notes are an integral part of these financial statements

PROSPER GOLD CORP.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

For the year ended October 31, 2019

	Number of Shares[1]	Share Capital	Reserves Options	Reserves Other	Reserves Total	Deficit	Total
Balance at October 31, 2018	5,469,225	$ 11,987,859	$ 1,262,451	$ 544,856	$1,807,307	$(13,310,335)	$ 484,831
Private placement – units (note 10(b))	2,250,000	1,225,000	-	25,000	25,000	-	1,250,000
Private placement – flow-through units (note 10(b))	291,666	277,083	-	64,750	64,750	-	341,833
Shares issued for properties (notes 8(a) and 10(c))	30,000	25,500	-	-	-	-	25,500
Share issue costs (note 10(b))	-	(98,777)	-	23,385	23,385	-	(75,392)
Share-based payments (note 11(b))	-	-	147,030	-	147,030	-	147,030
Net loss for the year	-	-	-	-	-	(981,643)	(981,643)
Balance at October 31, 2019	8,040,891	$ 13,416,665	$ 1,409,481	$ 657,991	$2,067,472	$ (14,291,978)	$ 1,192,159

For the year ended October 31, 2020

	Number of Shares[1]	Share Capital	Reserves Options	Reserves Other	Reserves Total	Deficit	Total
Balance at October 31, 2019	8,040,891	$ 13,416,665	$ 1,409,481	$ 657,991	$2,067,472	$(14,291,978)	$ 1,192,159
Private placement – units (note 10(b))	5,490,910	3,020,001	-	-	-	-	3,020,001
Shares issued for properties (notes 8(a) and 10(c))	190,000	117,250	-	-	-	-	117,250
Share issue costs (note 10(b))	-	(171,862)	-	29,972	29,972	-	(141,890)
Share-based payments (note 11(b))	-	-	49,773	-	49,773	-	49,773
Stock options forfeited (note 11(b))	-	-	(23,197)	-	(23,197)	23,197	-
Net loss for the year	-	-	-	-	-	(1,010,946)	(1,010,946)
Balance at October 31, 2020	**13,721,801**	**$ 16,382,054**	**$ 1,436,057**	**$ 687,963**	**$2,124,020**	**$(15,279,727)**	**$ 3,226,347**

(1) See note 1 on share consolidation

The accompanying notes are an integral part of these financial statements

PROSPER GOLD CORP.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended	
	October 31, 2020	October 31, 2019
Cash provided by (used in):		
Operating activities		
Net loss	**$ (1,010,946)**	$ (981,643)
Adjustments for items not involving cash:		
Amortization	**6,256**	6,904
Share-based payments	**49,773**	147,030
Write-off of mineral properties	**116,592**	158,404
Other income	**-**	(8,167)
Net change in non-cash working capital		
Amounts receivable	**(43,208)**	(29,341)
Prepaid expenses and deposit	**(70,390)**	12,497
Accounts payable and accrued liabilities	**57,220**	(307,585)
Cash used in operating activities	**(894,703)**	(1,001,901)
Investing activities		
Reclamation deposits	**(29,000)**	-
Equipment purchased	**(10,859)**	-
Mineral property option payments and acquisition costs	**(171,851)**	(26,881)
Cash used in investing activities	**(211,710)**	(26,881)
Financing activities		
Advance from loan payable	**40,000**	-
Proceeds from private placement, net of share issue costs	**2,887,246**	1,524,608
Cash provided by financing activities	**2,927,246**	1,524,608
Increase in cash	**1,820,833**	495,826
Cash, beginning of year	**525,616**	29,790
Cash, end of year	**$ 2,346,449**	$ 525,616
Non-cash activities:		
Shares issued for properties	**$ 117,250**	$ 25,500
Fair value of broker warrants for private placement	**$ 29,972**	$ 23,385
Flow-through premium	**$ -**	$ 8,167
Share issue costs accrued in accounts payable and accrued liabilities	**$ 9,135**	$ -
Mineral property costs accrued in accounts payable and accrued liabilities	**$ 90**	$ -

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

1. Nature of operations and going concern

Prosper Gold Corp. ("Prosper" or the "Company") was incorporated under the *Business Corporations Act* (Ontario) on October 11, 2007, continued into British Columbia under the *Business Corporations Act* (British Columbia) and changed its name from Lander Energy Corporation on April 26, 2012. The registered office of the Company is located at Suite 2300 - 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3. Effective September 3, 2013, the Company's common shares were listed on the TSX Venture Exchange (the "Exchange"), trading under the symbol "PGX" upon completion of its Qualifying Transaction on August 30, 2013. Prior to September 3, 2013, the Company was classified as a capital pool company ("CPC") as defined under Policy 2.4 of the Exchange, and trading on the NEX board of the Exchange under the symbol "PGX-H".

On September 8, 2020, the Company completed the consolidation of its common shares in the capital of the Company at a ratio of 10 pre-consolidation common shares for 1 post-consolidation common share (the "Consolidated Shares"). The Consolidated Shares began trading on a consolidated basis under the existing trading symbol at market open on September 8, 2020. The share consolidation reduced the number of the Company's outstanding common shares from 80,558,916 common shares to 8,055,891 common shares. As a result of the share consolidation, all information involving the Company's share capital, outstanding stock options and warrants have been adjusted with a basis of 10 to 1 along with proportionate adjustments made to the exercise prices of the outstanding options and warrants.

The principal business activity of the Company is the acquisition, exploration and development of mineral properties. These financial statements have been prepared on a going concern basis, which assumes that the Company will continue operations in the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. The Company has not yet generated any revenues, has incurred losses and has a deficit of $15,279,727 as at October 31, 2020 (2019 - $14,291,978). At October 31, 2020, the Company had cash of $2,346,449 (2019 - $525,616) and working capital of $2,224,273 (2019 – $356,287). The ability of the Company to continue as a going concern over a longer term is dependent on the Company's ability to complete financing to meet administrative overhead and to complete the exploration and development of its mineral property interests, attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. However, there is no guarantee that the Company will establish economically recoverable reserves, profitable operations or positive cash flows from operations. The Company will continue to raise funding through equity financing to continue operations and has been successful to date, but there can be no assurance that adequate financing will be available in the future, or available on terms acceptable to the Company and, therefore, a material uncertainty exists that may casts significant doubt over the Company's ability to continue as a going concern.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak has caused staff shortages, reduced consumer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

These financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

2. Basis of preparation (continued)

(b) Basis of presentation

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

(c) Presentation and functional currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars, unless otherwise indicated.

(d) Critical accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Actual results could differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The critical judgment and assumptions applied in the preparation of these financial statements and other major sources of measurement uncertainty are discussed in note 4.

3. Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are as follows.

(a) Financial instruments

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value, net of transaction costs that are directly attributable to its acquisition, except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. 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. Significant accounting policies (continued)

(a) Financial instruments (continued)

Financial Assets (continued)

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and 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 statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Accounts payable and accrued liabilities are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

Fair Value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

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

3. Significant Accounting Policies (continued)

(b) Equipment

Equipment is recorded at cost less accumulated amortization and impairment charges. Amortization is recorded using the declining-balance method at a rate of 55% for computer equipment, 20% for office furniture and field equipment and 30% for vehicle. Management reviews the estimated useful life and amortization method on an annual basis. Changes to the useful life or amortization method resulting from such review are accounted for prospectively.

(c) Mineral properties

The costs of exploration and evaluation assets acquired through a business combination or an asset acquisition are capitalized, as are costs to acquire rights to a mineral property, including land and surface rights. Acquisition costs include cash consideration and the fair value of common shares and other equity instruments issued as consideration.

Mineral property is recorded at cost, less accumulated depletion and depreciation, and impairment losses. Capitalized acquisition costs are depleted when commercial production begins using the unit-of-production method. Capitalized acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The recoverability of the carrying amount of mineral property is dependent on successful development and commercial exploitation or, alternatively, the sale of the respective areas of interest. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the amounts capitalized are written down to management's estimate of the net recoverable amount.

Although the Company has taken steps to verify title to the mineral properties in which it has an interest, these procedures do not guarantee the Company's title.

(d) Exploration and evaluation expenditures

Exploration and evaluation expenditures, other than for exploration and evaluation assets acquired through a business combination or an asset acquisition, or for the acquisition of land and surface rights, are expensed as incurred. The exploration and evaluation expenditures incurred prior to the Company obtaining the legal rights to explore an area of interest are recorded as property investigation costs, and expenditures from the date legal rights are obtained and approved by the Exchange are recorded as exploration expenditures.

(e) Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, to which the asset belongs.

An asset or cash-generating unit's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset or group of assets in an arm's length transaction between knowledgeable and willing parties.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or group of assets. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or group of assets is reduced to its recoverable amount and an impairment loss is recognized in profit or loss. The allocation of an impairment loss for a group of assets is based on the relative carrying amounts of those assets at the date of impairment.

3. Significant Accounting Policies (continued)

(e) Impairment of non-financial assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset or group of assets is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or group of assets in prior years. A reversal of an impairment loss is recognized in profit or loss in the period the reversal occurs.

(f) Decommissioning provision

An obligation to incur future reclamation, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs, discounted to their net present value, are provided for and recorded as a liability with a corresponding amount capitalized and included in the carrying amount of the asset, when the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money is used to calculate the net present value. The capitalized costs are charged to profit or loss over the economic life of the related asset, using either the unit-of-production or the straight-line method, depending on the nature of the related asset. The liability is adjusted at the end of each reporting period for the unwinding of the discount rate, and for changes to the current market-based discount rate and amount or timing of the underlying cash flows needed to settle the obligation. The unwinding of the discount is recorded as accretion expense and included in finance cost. Changes to the liability amount resulting from changes to the estimated future cash flows required to settle the obligation are also capitalized and included in the carrying amount of the related asset.

(g) Share capital

Common shares
Common shares issued are classified as equity. Transaction costs directly attributable to the issuance of common shares and other equity instruments of the Company are recognized as a deduction from share capital or other equity.

Equity units
The proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated first to share capital up to the fair value of the common shares at the time of issuance, determined by reference to the quoted market price of the common shares on the issuance date, with the residual amount of proceeds, if any, allocated to the reserve for warrants.

Flow-through shares and units
The issuance of flow-through shares represents an issuance of common shares and the sale of rights to tax deductions to the investors when the flow-through shares are issued. The sale of rights to tax deductions is deferred and presented as a liability in the statement of financial position. The proceeds received from flow-through shares are allocated between share capital, warrants, if any, and other liability using the residual method. Under the residual method, the proceeds are allocated first to share capital up to the fair value of the common shares at the time of issuance, determined by reference to the quoted market price of the common shares on the issuance date, with the residual amount of proceeds, if any, allocated to the fair value of warrants, and then to other liability.

The Company fulfils its obligation to the investors when it renounces the right to the tax deductions and the eligible expenditures are incurred. Upon fulfilment of the Company's obligation, the amount initially recognized as a liability is extinguished and recognized in profit or loss. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

3. Significant accounting policies (continued)

(h) Stock options and warrants

All stock options and warrants are included in reserves, a component of equity, until exercised. Upon exercise, the consideration received plus the amounts in reserves attributable to the options and/or warrants being exercised are credited to share capital.

(i) Share-based payments

Share-based payment arrangements whereby the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

The fair value of options granted to employees, officers, directors and consultants providing similar services that are expected to eventually vest is recognized as share-based payment over the vesting period with a corresponding increase in reserves. The fair value is estimated using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted and using market related inputs as of the grant date. Each tranche of options granted with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Changes to the estimated number of options that will eventually vest are accounted for prospectively at the end of each reporting date. The Black-Scholes option pricing model considers the following factors:

- Exercise price
- Expected life of the award
- Forfeiture rate
- Current market price of the underlying shares
- Risk-free interest rate
- Expected volatility

Equity instruments issued as consideration for the purchase of non-monetary assets are measured at the fair value of the goods received. If the fair value of the assets received cannot be reliably measured, equity instruments will be measured on the quoted market price of the common shares on the date the shares are issued.

(j) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on taxable income for the period.

Deferred tax is provided for using the asset and liability method of accounting, whereby deferred tax assets and liabilities are recognized for the future tax effects of differences between the carrying amounts of assets and liabilities in the statement of financial position and the tax bases of the assets and liabilities (temporary differences), unused tax losses and other income tax deductions. Temporary differences on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss are not provided for. Deferred tax assets and liabilities are measured based on the expected manner of realization or settlement of the carrying amounts of the related assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. Significant accounting policies (continued)

(k) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares.

(l) Government assistance

Government assistance from the Canada Emergency Business Account ("CEBA") loans under federal COVID-19 response programs are recorded as a liability. Any forgivable portion of the assistance is not recorded as a gain until there is reasonable assurance that it will not be repayable.

4. Critical judgments in applying accounting policies and key sources of estimation uncertainty

Critical judgments
The Company has made the following critical judgments, apart from those involving estimations, in the process of applying its accounting policies that have the most significant effect on the amounts recognized in the financial statements:

Going concern
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. See note 1 for more information.

Impairment of mineral properties
The Company's mineral property represents acquisition costs relating to the Company's mineral properties. At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset, which is the greater of the asset's value in use and fair value less costs to sell. The Company considers both external and internal sources of information in assessing whether there are any indications that the Company's mineral properties are impaired.

Key sources of estimation uncertainty
The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the statement of financial position that may have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Income taxes
The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

4. Critical judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Income taxes (continued)
As at October 31, 2020 and 2019, the Company has unused tax losses and other income tax deductions for which it has not recognized any deferred tax assets. Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period

Provision for decommissioning
An obligation to incur future reclamation, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. As at October 31, 2020 and 2019, management has determined that the Company has no significant obligation for decommissioning.

Share-based payments and fair value of warrants
Assumptions are used in determining the fair value of stock options and warrants which are subject to the limitation of the Black-Scholes option pricing model that requires market data and estimates used by the Company in the assumptions. These inputs are subjective assumptions and changes in these inputs can materially affect the fair value estimated.

5. Adoption of new accounting standards

IFRS 16 *Leases* (“IFRS 16”)
The Company adopted IFRS 16 Leases (“IFRS 16”) on November 1, 2019. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently. The Company does not have any leases and accordingly, there was no impact to the Company’s financial statements as a result of adopting this new standard.

6. Reclamation deposits

The Company was required to post a security deposit of $190,000 in favor of the Ministry of Energy and Mines of British Columbia prior to commencement of surface work at the Star Project.

During the year ended October 31, 2020, the Company posted an additional security deposit of $29,000 (2019 - $nil) in favor of the Ministry of Energy and Mines of British Columbia for the Star Property.

Both security deposits were posted with a Canadian financial institution and bears interest between the rates of 0.15% to 0.25%.

(Expressed in Canadian Dollars)

7. Equipment

	Computer Equipment	Office Furniture	Field Equipment	Vehicle	Total
Cost					
As at October 2018 and 2019	$ 15,523	$ 2,236	$ 28,186	$ 13,704	$ 59,649
Additions	1,998	-	8,861	-	10,859
As at October 31, 2020	$ 17,521	$ 2,236	$ 37,047	$ 13,704	$ 70,508
Accumulated amortization					
As at October 31, 2018	$ 12,763	$ 1,205	$ 10,850	$ 7,997	$ 32,815
Amortization	1,518	206	3,468	1,712	6,904
As at October 31, 2019	14,281	1,411	14,318	9,709	39,719
Amortization	1,232	165	3,660	1,199	6,256
As at October 31, 2020	$ 15,513	$ 1,576	$ 17,978	$ 10,908	$ 45,975
Carrying value					
As at October 31, 2019	$ 1,242	$ 825	$ 13,868	$ 3,995	$ 19,930
As at October 31, 2020	**$ 2,008**	**$ 660**	**$ 19,069**	**$ 2,796**	**$ 24,533**

8. Mineral properties

The Company capitalizes costs of mineral property option payments for cash and share issuances and the related transaction costs for the Ontario Projects in Ontario and the Star Property in British Columbia.

	Ontario Projects							
Costs	**Matachewan**	**Wydee**	**Galahad**	**Egan**	**Currie**	**Golden Sidewalk**	**Star**	**Total**
Balance, October 31, 2018	$31,585	$31,935	$83,517	$96,230	$41,983	$ -	$446,715	$ 731,965
Option payments	5,000	-	-	-	-	-	-	5,000
Share issuances	18,000	7,500	-	-	-	-	-	25,500
Transaction costs	1,690	-	-	20,191	-	-	-	21,881
Write-off	-	-	-	(116,421)	(41,983)	-	-	(158,404)
Balance, October 31, 2019	56,275	39,435	83,517	-	-	-	446,715	625,942
Option payments	2,140	29,529	-	-	-	105,000	-	136,669
Share issuances	3,750	3,750	-	-	-	109,750	-	117,250
Transaction costs	-	1,042	-	-	-	34,230	-	35,272
Write-off	(42,836)	(73,756)	-	-	-	-	-	(116,592)
Balance, October 31, 2020	**$19,329**	**$ -**	**$83,517**	**$ -**	**$ -**	**$ 248,980**	**$446,715**	**$ 798,541**

8. Mineral properties (continued)

(a) Ontario Projects, Ontario, Canada

Matachewan and Wydee
On February 25, 2016 ("Alexandria Effective Date"), the Company entered into a definitive agreement (the "Alexandria Option Agreement") with Alexandria Minerals Corporation ("Alexandria"), whereby Alexandria has granted the Company the option to acquire a 90% interest in the Wydee and Matachewan claims in central Ontario (collectively, the "Alexandria Properties"). The Alexandria Option Agreement requires the Company to issue 75,000 Prosper shares and for work expenditures totaling $5,000,000 over five years in order for the Company to earn a 75% interest ("First Alexandria Option") in both the Wydee and Matachewan claims as follows:

(i) Issue 15,000 shares (7,500 shares for Wydee and 7,500 shares for Matachewan) on or before five business days after the receipt of the required approval of the Exchange of the agreement (issued);
(ii) Incur $120,000 ($60,000 for Wydee and $60,000 for Matachewan) in expenditures, including airborne survey on the property on or before six months after the Alexandria Effective Date (incurred);
(iii) Issue 15,000 shares (7,500 shares for Wydee and 7,500 shares for Matachewan) on or before 24 months after the Alexandria Effective Date (issued);
(iv) Issued 15,000 shares (7,500 shares for Wydee and 7,500 shares for Matachewan) (note 10(c)) on or before 36 months after the Alexandria Effective Date (issued February 22, 2019);
(v) Issue 15,000 shares (7,500 shares for Wydee and 7,500 shares for Matachewan) (note 10(c)) on or before 48 months after the Alexandria Effective Date (issued February 18, 2020); and
(vi) Issue 15,000 shares (7,500 shares for Wydee and 7,500 shares for Matachewan) (*) and incur an additional $4,880,000 ($2,440,000 for Wydee and $2,440,000 for Matachewan) on expenditures (*) on or before 60 months of the Alexandria Effective Date.

Upon the Company acquiring a 75% interest in the Alexandria properties, the Company and Alexandria will enter into a joint venture for the exploration and development of the Alexandria property. The Company may elect to exercise the First Alexandria Option to only one of the claims within 60 months of the Alexandria Effective Date by issuing an additional 12,500 shares to Alexandria.

Subject to the First Alexandria Option, Alexandria grants the Company the exclusive irrevocable right and option to acquire an additional 15% interest ("Second Alexandria Option") upon the delivery of and acceptance by Alexandria of a resource estimate report that delineates a minimum of 1,500,000 ounces of gold on the property.

During the year ended October 31, 2020, the Company paid $29,529 (2019 - $nil) to the Matachewan First Nations as part of the Memorandum of Understanding ("MOU") for the Wydee property entered into by Alexandria. Legal fees of $1,042 (2019 - $nil) were incurred for this transaction.

(*) Subsequent to the year ended October 31, 2020, the Company allowed the Alexandria Option Agreement to lapse. The costs include in mineral properties of $42,836 for the Matachewan claims and $73,756 for the Wydee claims were written off in accordance with level 3 of the fair value hierarchy.

Matachewan Land Package
On March 21, 2019, the Company entered into a purchase agreement and acquired a 100% interest in 64 mineral claims and 6 mining patents. The Company paid $5,000 and issued 15,000 common shares at $0.07 per share. Share issue costs of $1,690 were paid for legal fees and filing fees with the Exchange during the 2019 fiscal year. During the 2020 fiscal year, transaction costs for legal fees of $2,140 were paid to transfer the titles of the claims to the Company.

Galahad
On April 20, 2016, the Company entered into a purchase agreement (the "Purchase Agreement") with JCML Resources Inc. ("JCML"), whereby the Company agreed to acquire 13 mineral claims ("Galahad") surrounding the Ashley Gold Mine for $50,000 and 10,000 Prosper shares. The Company issued the 10,000 common shares at a price of $2.60 per share and paid $50,000 for the acquisition in 2016.

(Expressed in Canadian Dollars)

8. Mineral properties (continued)

(a) Ontario Projects, Ontario, Canada (continued)

Egan Purchase

On December 18, 2017, the Company entered into a purchase agreement to acquire a 100% interest in the mineral claims commonly referred to as the "Ontario Claims". Pursuant to the terms of the purchase agreement, the Company must pay the vendors a total of $6,000 (paid) within 5 days of the signing of the agreement and issue to the vendors a total of 12,000 common shares (issued February 9, 2018) of the Company within 5 days of receiving the required approval from the Exchange.

Upon the Company acquiring the 100% interest in the Ontario Claims, the Company will grant the vendors a 1% NSR over the property which can repurchased by the Company upon payment of $1,000,000 to the vendors.

During the year ended October 31, 2019, the Company wrote-off $25,720 for the Egan Purchase as the Company no longer intends to pursue this project. The write-off was determined based on the estimated recoverable value, in accordance with level 3 of the fair value hierarchy.

Egan Property

On January 22, 2018, the Company signed an option agreement to acquire a 100% interest in the mineral claims comprising the Egan Property, Ontario. The Company is required to pay an aggregate of $500,000 to the optionors and to issue an aggregate of 110,000 common shares of the Company within 40 months after the execution of a definitive agreement. The Letter of Intent ("LOI") executed on November 6, 2017 included a payment of $6,000 paid to the optionors. The schedule of cash and share payments are as follows:

Due Dates	Shares to be Issued	Cash Payments
Upon signing the LOI	-	$6,000 (paid)
Within 10 business days of Exchange approval following execution of the definitive agreement	10,000 (issued February 19, 2018) (note 9(c))	An additional $44,000 (paid February 15, 2018)
Within 12 months after execution of the definitive agreement	An additional 20,000 (*not issued)	An additional $75,000 (* not paid)
Within 30 months after execution of the definitive agreement	An additional 30,000	An additional $125,000
Within 42 months after execution of the definitive agreement	An Additional 50,000	An additional $250,000
Total	110,000	$500,000

The optionors hold a 3% NSR interest of which 2% may be purchased by the Company for $2,500,000 upon the Company acquiring a 100% interest in the property.

Prior to the date the option is exercised, the optionors will not be required to contribute to the costs of the property until the Company exercises its option and from then, all benefits, rights, profits, obligations, expenses, losses and liabilities to be derived from the property shall be allocated to or borne by the Company and the optionors in accordance with their respective interests.

If the Company acquires additional properties within a three-kilometer area of interest parallel to all existing borders of the properties, such additional properties will be subject to a 2% NSR royalty in favor of the optionors, of which 1% may be purchased by the Company for $1,000,000.

Any additional adjacent property purchased by the optionors on behalf of the Company, with the Company's consent, will be charged to the Company at the cost of acquisition and subject to a 2% NSR royalty of which 1% may be purchased for $1,000,000 with the exception of claims that have an existing third-party NSR.

The Company also paid an additional $1,800 for new claims during the 2018 fiscal year.

8. Mineral properties (continued)

(a) Ontario Projects, Ontario, Canada (continued)

Egan Property (continued)

(*) During the year ended October 31, 2019, the Company terminated the agreement entered into on January 22, 2018. Cost of $70,510 for mineral claims for the Egan Property was written off determined based on its estimated recoverable value in accordance with level 3 of the fair value hierarchy.

Currie Property
On February 8, 2018, the Company entered in to an option agreement to acquire the exclusive right and option to acquire a 100% interest in the property. In order for the Company to exercise the option, the Company shall:

(a) On or before 30 business days after the receipt of the required approvals of the Exchange:
   (i) Issue an aggregate of 20,000 shares (issued)
   (ii) Pay an aggregate of $20,000 cash (paid)

(b) On or before 18 months after the effective date:
   (i) Issue an aggregate of 25,000 common shares (*not issued)
   (ii) Pay aggregate of $110,000 cash (*not paid)

Upon the exercise of the option, the Company is subject to a 2% NSR and may repurchase 1% of the property royalty upon payment to the optionors $1,000,000.

(*) During the year ended October 31, 2019, the Company terminated the option agreement and wrote off the costs $41,983 determined based on its estimated recoverable value in accordance with level 3 of the fair value hierarchy.

Ontario Property – Egan Township
On December 17, 2018, the Company acquired 100% interest in the mineral property known as the Ontario Property in the District of Cochrane located in the Egan Township. The Company paid cash of $20,191. The property is no longer in use and the amount of $20,191 has been written off during the 2019 fiscal year determined based on its estimated recoverable value in accordance with level 3 of the fair value hierarchy.

Golden Sidewalk Project

Sabina Agreement
On August 9, 2020 ("Sabina Effective Date"), the Company entered into an option agreement with Sabina Gold & Silver Corp. ("Sabina") to acquire a 100% interest in the Golden Sidewalk Properties, subject to the permitted encumbrances, underlying royalties, the Golden Sidewalk Royalties and any additional property royalty in accordance with the following:

a) In order to acquire a 70% interest ("Sabina First Option"), the Company shall pay $40,000 cash, issue 900,000 common shares and incur $1,400,000 as follows:
   (i) within five business days of receipt of TSXV approval, pay $20,000 cash (paid) and issue 50,000 common shares (issued) (note 10(b))
   (ii) on or before six months of the Sabina Effective Date, issue 50,000 common share and incur expenditures of $150,000
   (iii) on or before 18 months of the Sabina Effective Date, issue 250,000 common shares, pay $10,000 in cash and incur $500,000 in expenditures
   (iv) on or before 30 months of the Sabina Effective Date, issue 550,000 common shares, pay $10,000 in cash and incur $750,000 in expenditures

8. Mineral properties (continued)

(a) Ontario Projects, Ontario, Canada (continued)

Golden Sidewalk Project (continued)

Sabina Agreement (continued)

b) Upon the exercise of the Sabina First Option, the Company can elect to pursue the second option to acquire the remaining 30% interest on or before 48 months of the Sabina Effective Date, by issuing an additional 600,000 common shares, pay an additional $10,000 in cash, incur an additional $1,200,000 of expenditures and enter into agreement to fully assume and novate to the Company the permitted encumbrances and all royalties that Sabina is subject to for the property.

Per the agreement, in the event that the Company does not incur the required expenditures in each period, the Company may pay Sabina in cash any shortfall by the end of each period.

Upon the exercise of the first option by the Company, Sabina and the Company will enter in a royalty agreement (“Golden Sidewalk Royalty”) whereby Sabina will retain and the Company will pay to Sabina 2% NSR on the proceeds from the production or sale of products produced or derived from the Golden Sidewalk property.

Smith Agreement
On August 25, 2020, the Company entered into an agreement with Greg Smith to acquire a 100% interest in certain mineral claims for $25,000 cash (paid).

The acquisition for these claims is subject to a 1% NSR. The Company can elect to purchase 0.5% of the NSR by payment of $500,000.

Bounty Agreement
On August 31, 2020, the Company entered into an agreement with Bounty Gold Corp. (“Bounty”) to acquire 100% interest in certain mineral claims free of any encumbrances by:

a) Within 5 days of Exchange approval, payment of $60,000 in cash (paid)
b) Issuance of 125,000 common shares of the Company (issued) (note 10(b))

The purchase is subject to a 2% NSR with an option to purchase 1% of the NSR by the Company with a payment of $1,000,000.

(b) Star Property, British Columbia, Canada

Pursuant to an option agreement dated July 15, 2013 between the Company and Firesteel Resources Inc. (“Firesteel”) (the “Option Agreement”), the Company has the exclusive option to earn up to an 80% interest in 19 mining claims on the Star property (formerly the Sheslay property), a copper-gold discovery located northwest of Telegraph Creek, British Columbia, in the Stikine Arch area of northwestern British Columbia, in exchange for cash payments, the issuance of common shares and exploration expenditures over four years as follows:

(Expressed in Canadian Dollars)

8. Mineral properties (continued)

(b) Star Property, British Columbia, Canada (continued)

Pursuant to the option agreement (the “First Option”), the Company has earned a 51% interest in the Star property by:

- Making cash payments to Firesteel totalling $300,000 over 18 months (paid);
- Issuing a total of 30,000 Prosper common shares to Firesteel (issued); and
- Incurring exploration expenditures totalling $1,000,000 over 18 months (incurred).

The Company has an additional option (the “Second Option”) to earn an additional 19% interest, thereby increasing its total interest in the Property to 70%, which may be exercised by:

- Making cash payments to Firesteel totalling $200,000 over 36 months (due by August 30, 2016) (unpaid);
- Issuing a total of 20,000 Prosper common shares to Firesteel over a period of 36 months (due by August 30, 2016) (unissued); and
- Incurring exploration expenditures totalling $2,000,000 over 36 months (incurred).

The Company has an additional option (the “Third Option”) to earn an additional 10% interest, thereby increasing its total interest in the Property to 80%, which may be exercised by:

- Making cash payments to Firesteel totalling $500,000 over 48 months (due by August 30, 2017);
- Issuing a total of 50,000 Prosper common shares to Firesteel over a period of 48 months (due by August 30, 2017); and
- Incurring exploration expenditures totalling $2,000,000 over 48 months (due by August 30, 2017).

Rather than making the Second Option payment and issuance of common shares due by August 30, 2016 and the Third Option payment and issuance of common shares due by August 30, 2017, the Company and Firesteel entered into a joint venture agreement on August 30, 2016. The Company has a 51% ownership of the Star Property. The joint venture agreement specifies that the Company and Firesteel will contribute funds to continue exploration on the Star Property pro-rata, based on their percentage of ownership; 51% to be contributed by Prosper and 49% to be contributed by Firesteel.

The underlying royalty holders are entitled to a 2% NSR on the property. The Company has the option to purchase the 2% royalty entitlement for $2,000,000.

Exploration and evaluation expenditures

During the years ended October 31, 2020 and 2019, the Company’s exploration expenditures (recovery) consist of the following:

	Ontario Projects		**Star Property**	
	October 31, 2020	October 31, 2019	**October 31, 2020**	October 31, 2019
Airborne survey	**$ 121,791**	$ -	**$ -**	$ -
Assay and analysis	**33,829**	94,171	**-**	-
Drilling	**96,361**	461,204	**-**	-
Field costs (recovery) (note 13(a))	**178,785**	172,127	**(33,600)**	2,400
Geological	**84,399**	26,350	**4,950**	-
Transportation and freight	**11,182**	9,162	**-**	-
Travel and accommodations	**3,726**	8,324	**-**	-
	$ 530,073	$ 771,338	**$ (28,650)**	$ 2,400

9. Loan payable

The Company received $40,000 for the Canada Emergency Business Account ("CEBA") interest free loan up to the initial term date of December 31, 2022. 25% of the loan balance will be forgiven if the balance of 75% of the loan balance is repaid by the initial term date of December 31, 2022. Subsequent to December 31, 2022, if 75% the loan has not been repaid, then the loan is subject to an interest rate of 5% per annum and due for repayment by December 31, 2025. The loan payable has been initially recorded at fair value of $35,114 and is calculated based on the application of a fair value interest rate of 5% with the anticipated repayment date of December 31, 2022. The difference of $4,886 between the face value of $40,000 and the initial fair value of the loan payable of $35,114 has been recorded as a deferred gain on loan payable. Accretion expense of $872 (2019 - $nil) and accretion income of $872 (2019 - $nil) has been included in general and administrative expense resulting in the loan payable balance at October 31, 2020 of $35,986 and a deferred gain on loan payable balance of $4,014.

10. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

(b) Private placements

Private placement activity for the year ended October 31, 2020 were as follows:

On October 14, 2020, the Company completed a private placement of $3,020,001 for the issuance of 5,490,910 units at $0.55 per unit. Each unit contains one common share and one share purchase warrant for one common share exercisable at $0.85 per share, expiring in 24 months. Finder's fees consist of $106,820 were paid and 114,398 broker warrants with a fair value of $29,972 were issued. The broker warrants have an exercise price of $0.85 and expire 24 months from October 14, 2020. The estimated fair value of the broker warrants was calculated using the Black-Scholes Option Pricing Model based on the following assumptions: risk free interest rate of 0.24%, expected life of 2 years, no annual dividends, expected volatility of 97.69% and a forfeiture rate of 0%. Share issue costs including fees for legal, transfer agent and filing fees of $35,070 were also paid.

Private placement activity for the year ended October 31, 2019 were as follows:

i) On November 29, 2018, the Company completed a private placement of $250,000 for the issuance of 250,000 units at $1.00 per unit. Each unit was comprised of one common share and one share purchase warrant exercisable for one common at $1.50 per share, expiring in 24 months. Of the proceeds from the unit private placement, $25,000 has been allocated to reserves for the warrants based on the market price of the Company's shares at the time of issue. Share issue costs of $5,377 were incurred.

ii) On December 17, 2018, the Company completed a non-brokered private placement of $350,000 through the issuance of 291,666 units of flow-through shares at a price of $1.20 per unit. Each flow-through unit consisted of one common share and one half of one non-transferable non-flow through common share purchase warrant. Each non-flow through warrant entitles the holder to purchase one common share at an exercise price of $1.70 for a period of 24 months from the closing date.

    Finder's fees totalling $16,500 in cash were paid and 13,750 common share purchase warrants were issued. Each Finder's warrant is non-transferable and exercisable for one common share at $1.70 for a period of 24 months from the closing date. The Finder's warrants had a fair value of $6,105. Additional share issue costs for legal and filing fees of $12,630 were incurred.

    Of the proceeds from the flow-through unit private placement, $64,750 has been allocated to reserves based on the market price of the Company's share used for the issuance and $8,167 has been allocated to flow-through premium liability. The Company incurred $350,000 in qualified expenditures from the flow-through financing during the year ended October 31, 2019, and as a result, the flow-through premium liability of $8,167 has been recorded and recognized as other income.

10. Share capital (continued)

(b) Private placements (continued)

iii) On September 9, 2019, the Company completed a non-brokered private placement of 2,000,000 units at a price of $0.50 per unit for a gross proceed of $1,000,000. Each unit was comprised of one common share and one share purchase warrants for one common share, exercisable at $0.80 per share and expires in 24 months. In connection with the private placement, finder's fees totaling $24,000 in cash were paid and 48,000 common share purchase warrants with a fair value of $17,280 were issued. Additional cash of $16,885 was paid for legal, transfer agent and filing fees.

(c) Shares issued for property

During the year ended October 31, 2020, the Company issued 190,000 common shares with a total value of $117,250 for the following properties:

Matachewan – 7,500 common shares with a fair value of $3,750
Wydee – 7,500 common shares with a fair value of $3,750
Golden Sidewalk – 50,000 common shares with a fair value $33,500 and 125,000 common shares with a fair value of $ $76,250

During the year ended October 31, 2019, the Company issued 30,000 common shares with a total value of $25,500 for the following properties:

Matachewan – 7,500 common shares with a fair value of $7,500
Wydee – 7,500 common shares with a fair value of $7,500
Matachewan Land Package – 15,000 common shares with a fair value of $10,500

11. Options and warrants

(a) Stock option plan

The Company has a stock option plan under which the Board of Directors may from time to time grant to directors, senior officers, consultants and employees options to acquire common shares, exercisable for a period of up to ten years from the date of grant. The stock option plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the stock option plan shall not exceed 10% of the total issued and outstanding common shares. The maximum number of common shares that may be reserved for issuance to any individual insider pursuant to stock options may not exceed 5% of the common shares issued and outstanding at the time of grant, and the number of common shares that may be reserved for issuance to all technical consultants pursuant to stock options may not exceed 2% of the common shares issued and outstanding at the time of grant. Options become exercisable as long as the optionee holds office or continues to be employed by the Company and 90 days following the cessation of an optionee's position with the Company.

(b) Stock options

During the year ended October 31, 2020, the Company did not grant any stock options. During the year, 27,500 stock options were forfeited by a Director who resigned from the Board. The vested options with a value of $23,197 were reallocated from contributed surplus to deficit.

(Expressed in Canadian Dollars)

11. Options and warrants (continued)

(b) Stock options (continued)

During the year ended October 31, 2019, the Company had the following stock option activities:

i) On December 17, 2018, 240,000 stock options were granted to directors, an officer and consultants of the Company with an exercise price of $1.50. The stock options have an expiry period of 5 years and have a vesting term of 25% every six months. Each stock option had a fair value of $1.05 on the date of grant.

ii) On February 14, 2019, 2,500 stock options and on May 20, 2019, 87,500 stock option both expired unexercised.

A continuity schedule of the Company's outstanding stock options under the stock option plan is as follows:

	Number Outstanding	Weighted Average Exercise Price
At October 31, 2018	360,000	$2.20
Granted	240,000	$1.50
Expired	(90,000)	$2.00
At October 31, 2019	510,000	$1.90
Forfeited	(27,500)	$1.50
At October 31, 2020	**482,500**	**$1.97**

As at October 31, 2020, the Company had the following share purchase options outstanding and exercisable:

Expiry Date	Exercise Price	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (yrs)	Options Exercisable
May 31, 2021	$ 2.40	70,000	$ 1.84	0.58	70,000
September 2, 2021	$ 3.45	70,000	$ 2.67	0.84	70,000
January 23, 2022	$ 2.00	50,000	$ 1.85	1.23	50,000
March 5, 2023	$ 1.50	65,000	$ 1.20	2.34	65,000
December 17, 2023	$ 1.50	227,500	$ 1.05	3.13	170,625
		482,500	**$ 1.48**	**2.12**	**425,625**

(Expressed in Canadian Dollars)

11. Options and warrants (continued)

(b) Stock options (continued)

As at October 31, 2019, the Company had the following stock options outstanding and exercisable:

Expiry Date	Exercise Price	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (yrs)	Options Exercisable
May 31, 2021	$ 2.40	70,000	$ 1.84	1.58	70,000
September 2, 2021	$ 3.45	70,000	$ 2.67	1.84	70,000
January 23, 2022	$ 2.00	50,000	$ 1.85	2.23	50,000
March 5, 2023	$ 1.50	80,000	$ 1.20	3.35	60,000
December 17, 2023	$ 1.50	240,000	$ 1.05	4.13	60,000
		510,000	**$ 1.48**	**3.16**	**310,000**

The total fair value of the incentive options were calculated using the Black-Scholes option pricing model with the following weighted average assumptions and inputs:

	October 31, 2020	October 31, 2019
Risk-free interest rate	**1.37%**	1.85%
Expected volatility	**112%**	106%
Expected life	**2.81 years**	4.45 years
Expected dividend yield	**-**	-
Share price	**$ 0.92**	$ 1.00
Exercise price	**$ 1.33**	$ 1.50
Expected forfeitures	**0.00%**	0.00%

Expected stock price volatility was derived from an average volatility based on historical movements in the closing prices of comparable companies' stock for a length of time equal to the expected life of the options.

Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0.00% in determining the expense recorded in the accompanying statements of comprehensive loss.

The fair value of the incentive options during the year ended October 31, 2020 of $49,773 (2019 - $147,030) was recognized as share-based payments. The balance consists of $45,243 (2019 - $143,724) to directors and officers, and $4,530 (2019 - $3,306) to consultants.

(c) Warrants

A continuity schedule of the Company's outstanding warrants is as follows:

	Number Outstanding		Weighted Average Exercise Price
At October 31, 2018	1,804,619	$	3.20
Issued – warrants for private placement	2,395,833	$	0.90
Issued – broker warrants	61,750	$	1.00
Expired	(1,034,867)	$	3.10
At October 31, 2019	3,227,335	$	1.40
Issued – warrants for private placements	5,490,910	$	0.85
Issued – broker warrants	114,398	$	0.85
Expired	(769,752)	$	2.90
At October 31, 2020	**8,062,891**	**$**	**0.87**

(Expressed in Canadian Dollars)

11. Options and warrants (continued)

(c) Warrants (continued)

As at October 31, 2020, the Company had the following warrants outstanding and exercisable:

Expiry Date	Exercise Price	Warrants Outstanding	Remaining Contractual Life (yrs)
November 29, 2020	$1.50	250,000	0.08
December 17, 2020	$1.70	159,583	0.13
September 9, 2021	$0.80	2,048,000	0.86
October 14, 2022	$0.85	5,605,308	1.95
		8,062,891	**1.81**

On October 14, 2020, 5,490,910 warrants were issued as part of the unit private placement which consisted of one common share and one common share purchase warrant. In addition, 114,398 warrants were issued as finder's fees. The warrants have an exercise price of $0.85 and expires on October 14, 2022.

During the 2020 fiscal year, 769,752 warrants expired unexercised as follows:

- November 1, 2019 – 238,618 warrants and 28,634 broker warrants
- February 28, 2020 – 500,000 warrants and 2,500 broker warrants

During the 2019 fiscal year, 2,395,833 warrants and 61,750 broker warrants were issued in conjunction with private placements:

- November 29, 2018 – 250,000 warrants with an exercise price of $1.50 expired on November 29, 2020
- December 18, 2018 – 145,833 warrants and 13,750 broker warrants with an exercise price of $1.70 expired on December 18, 2020
- September 9, 2019 – 2,000,000 warrants and 48,000 broker warrants with an exercise price of $0.80 expired on September 9, 2021

In addition, during the 2019 fiscal year, 1,034,867 warrants expired unexercised as follows:

- March 24, 2019 – 350,000 warrants and 9,000 broker warrants
- July 6, 2019 – 400,000 warrants and 7,350 broker warrants
- August 5, 2019 – 245,442 and 23,075 broker warrants

Subsequent to the 2020 year-end, 395,833 warrants and 13,750 broker warrants expired unexercised.

12. Financial instruments

The Company's financial instruments consist of cash, reclamation deposit, accounts payable and accrued liabilities and loan payable.

The fair value of the Company's cash and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term maturities of these instruments. These are classified as level 1 financial instruments. The Company's loan payable is classified as a level 2 financial instrument.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

12. Financial instruments (continued)

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company considers its exposure to credit risk to be low, as its cash and reclamation deposit are deposited with a large financial institution with a strong credit rating. Amounts receivable consists of GST receivable and credits on vendor payable balances.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligations associated with its financial instruments. The Company manages liquidity risk by maintaining adequate cash and managing its capital. At October 31, 2020, the Company had accounts payable and accrued liabilities of $290,190 (2019 - $223,745) due within one year, and cash of $2,346,449 (2019 - $525,616) to settle the obligations.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Floating interest earned on the Company's cash balances are considered to be at market interest rates. The deposit of $17,590 (2019 - $4,138) earns no interest and is deposited with a major bank for the Company's corporate credit card. Assuming that all variables remain constant, a change representing a 1% increase or decrease in the interest rate would not have a significant effect for the Company.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency. At October 31, 2020, the Company's monetary assets and liabilities are primarily denominated in Canadian dollars.

There has been no change to the Company's approach to risk management during the year ended October 31, 2020.

13. Related party transactions and balances

The Company's related parties consist of its key management personnel, including its directors, and their close family members and entities controlled by key management personnel. During the years ended October 31, 2020 and 2019, the Company had the following related party transactions:

(a) Key management compensation for the years ended October 31, 2020 and 2019 were as follows:

	Year ended October 31, 2020	Year ended October 31, 2019
Short-term benefits (recovery)	**$ 139,636**	$ (222,409)
Share-based payments	**45,243**	143,724
	$ 184,879	$ (78,685)

Short-term benefits include of $84,231 (2019 – net recovery of $231,294 (expense of $69,956, net of recovery of $301,250 relating to fees for the CEO, CFO and a director that were forgiven during the 2019 fiscal year)) in management fees; $54,230 (2019 - $8,885 (expense of $170,135 net of recovery of $161,250)) in geological exploration expenditures and $1,175 (2019 - $Nil) in general and administrative.

(b) At October 31, 2020, accounts payable and accrued liabilities include $131,250 (2019 - $131,250) due to a company controlled by a director of the Company and $16,269 (2019 - $13,085) due to officers of the Company.

(Expressed in Canadian Dollars)

14. Income taxes

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

	October 31, 2020	October 31, 2019
Net loss	**$ (1,010,946)**	$ (981,643)
Canadian federal and provincial statutory income tax rates	**26.75%**	26.75%
Income tax benefit based on Canadian statutory income tax rates	**(270,428)**	(262,589)
Effects of the following:		
Over provided in prior years	**-**	(137)
Effect of renounced expenditures related to flow-through shares	**-**	91,440
Items not deductible for tax purposes	**14,048**	40,066
Change in income tax rates	**-**	(7,680)
Unused tax losses and tax offsets not recognized	**256,380**	138,900
Income tax recovery	**$ -**	$ -

At October 31, the Company had unused tax losses and tax deductions for which no deferred tax assets have been recognized as follows:

	October 31, 2020	October 31, 2019
Non-capital losses	**$ 9,868,452**	$ 4,262,953
Mineral properties	**567,039**	5,235,547
Equipment	**341,196**	334,941
Cumulative eligible capital	**48,169**	48,169
Capital losses	**76,566**	76,566
Share issue costs	**211,033**	204,430
Loan payable	**10,000**	-
	$ 11,122,455	$ 10,162,606

The non-capital losses at October 31, 2020 expire as follows:

Expiry date	**Amount**
2027	**$** 8,719
2028	45,807
2029	107,629
2030	107,130
2031	146,071
2032	189,297
2033	569,564
2034	916,155
2035	367,075
2036	572,193
2037	650,376
2038	575,045
2039	5,153,944
2040	459,447
	$ 9,868,452

15. Segmented information

The Company has one reportable operating segment, being the exploration and development of the Star property in British Columbia and the Ontario Projects in Ontario which are both located in Canada.

16. Management of capital

The Company's capital includes all amounts attributable to its shareholders. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure that optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may issue additional shares or debt. The Company is dependent on the capital markets as its primary source of operating capital, and the Company's capital resources are largely determined by the strength of the junior resource markets.

The Company is not subject to any capital requirements imposed by regulators or other third parties.

At October 31, 2020, the Company had cash of $2,346,449 and working capital of $2,224,273. The Company will require additional capital to fund its total obligations under the Option Agreements to purchase the Star property and the Ontario Projects (note 8) and general and administrative costs. However, there is no guarantee that such financing will be available to the Company or on suitable terms.

There were no changes in the Company's approach to capital management during the year ended October 31, 2020.

17. Subsequent events

(a) Private placement
The Company completed a non-brokered private placement of 6,111,111 units at $0.90 per unit for $5,500,000. Each unit consists of one common share and one-half of one share purchase warrant exercisable at $1.35 for 24 months. In connection with the offering, finder's fees totaling approximately $134,000 in cash were paid and 149,316 common share purchase finder warrants were issued. Each finder warrant is non-transferable and exercisable for one common share for a period of 24 months following closing of the offering at an exercise price equal to $1.35.

(b) Stock option grant
The Company granted an aggregate of 1,521,500 incentive options to purchase common shares of the Company to certain directors, officers, employees, and consultants of the Company. The options are exercisable at a price of $1.35 per common share for 5 years from the date of grant.

(c) Warrants exercised
Subsequent to October 31, 2020, 426,000 warrants and 26,500 broker warrants with an exercise price of $0.80 were exercised for proceeds of $362,000. In addition, 750 broker warrants with an exercise price of $0.85 were exercised for proceeds of $638.

(d) Shares issued for mineral property
During January 2021, the Company issued 50,000 common shares for the Sabina Agreement per the August 9, 2020 option agreement.