Harfang Exploration Inc.

AUDITED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

For the years ended January 31, 2021 and 2020

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Independent auditor’s report

To the Shareholders of Harfang Exploration Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Harfang Exploration Inc. (the Company) as at January 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company’s financial statements comprise:

- the statements of financial position as at January 31, 2021 and 2020;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the 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.

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.

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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Nochane Rousseau.

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
May 19, 2021

[1] FCPA auditor, FCA, public accountancy permit No. A122718

Harfang Exploration Inc.

Statements of Financial Position
As at January 31, 2021 and 2020
(In Canadian Dollars)

	Note	As at January 31, 2021	As at January 31, 2020
		$	$
Assets			
Current assets			
Cash	6	8,683,053	2,962,041
Accounts receivable		-	7,355
Sales tax receivable		84,176	17,210
Tax credits receivable		-	43,650
Prepaid expenses and others		2,650	2,996
Current assets		8,769,879	3,033,252
Non-current assets			
Listed shares	7	245,000	-
Exploration and evaluation assets	7	1,004,368	875,959
Equipment		-	583
Non-current assets		1,249,368	876,542
Total assets		**10,019,247**	**3,909,794**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		418,504	161,579
Liability related to the premium on flow-through shares	8	884,873	156,825
Total Liabilities		**1,303,377**	**318,404**
Equity			
Share capital	9	13,322,611	7,073,942
Warrants	10	1,263,294	725,525
Contributed surplus		382,485	316,768
Deficit		(6,252,520)	(4,524,845)
Total equity		**8,715,870**	**3,591,390**
Total liabilities and equity		**10,019,247**	**3,909,794**
Subsequent events	19		

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

Approved on behalf of the Board:

(s) François Goulet
François Goulet
Director

(s) Jean-Pierre Janson
Jean-Pierre Janson
Director

Harfang Exploration Inc.

Statements of Loss and Comprehensive Loss
For the years ended January 31, 2021 and 2020
(In Canadian Dollars)

	Note	Fiscal 2021	Fiscal 2020
		$	**$**
Revenues			
Project management fees		76	416
Operating Expenses			
Exploration and evaluation expenditures, net of tax credits	11	1,794,334	947,671
Salaries and benefits	12	170,585	150,152
Stock-based compensation	12	65,717	104,176
Consulting and professional fees		164,535	170,191
Office and administrative		86,836	52,969
Travel, conference and investor relations		15,615	78,932
Filing fees		49,477	36,494
Depreciation of equipment		583	584
Gain on disposal of exploration and evaluation assets	7	(599,982)	-
Impairment of exploration and evaluation assets	7	9,074	12,346
Operating expenses		(1,756,774)	(1,553,515)
Other income (expense)			
Interest income		13,864	61,521
Change in fair value – listed shares		(385,000)	-
		(371,136)	61,521
Loss before income taxes		(2,127,834)	(1,491,578)
Deferred income taxes recovery	8	464,284	255,693
Net loss and comprehensive loss		**(1,663,550)**	**(1,235,885)**
Net loss per common share - basic and diluted	14	(0.04)	(0.04)
Weighted average number of common shares outstanding - basic and diluted	14	47,318,321	36,941,075

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

Harfang Exploration Inc.

Statements of Changes in Equity
For the years ended January 31, 2021 and 2020
(In Canadian Dollars)

	Note	Number of shares outstanding	Share Capital	Warrants	Contributed surplus	Deficit	Total equity
			$	$	$	$	$
Balance at February 1, 2019		**31,819,385**	**5,300,917**	**370,593**	**212,592**	**(2,964,175)**	**2,919,927**
Net loss and comprehensive loss		-	-	-	-	(1,235,885)	(1,235,885)
Issuance of shares and units under private placements	9	3,586,701	787,080	36,589	-	-	823,669
Issuance of shares under flow-through private placements	9	4,643,213	1,453,678	-	-	-	1,453,678
• Less: premium	9	-	(387,732)	-	-	-	(387,732)
Share issuance costs	9	-	(80,001)	(2,609)	-	-	(82,610)
Stock-based compensation	12	-	-	-	104,176	-	104,176
Extension of warrants	10	-	-	324,785	-	(324,785)	-
Warrants extension costs	10	-	-	(3,833)	-	-	(3,833)
Balance at January 31, 2020		**40,049,299**	**7,073,942**	**725,525**	**316,768**	**(4,524,845)**	**3,591,390**
Balance at February 1, 2020		**40,049,299**	**7,073,942**	**725,525**	**316,768**	**(4,524,845)**	**3,591,390**
Net loss and comprehensive loss		-	-	-	-	(1,663,550)	(1,663,550)
Issuance of shares and units under private placements	9	14,812,142	4,122,714	501,136	-	-	4,623,850
Issuance of shares under flow-through private placements	9	7,898,274	3,614,500	-	-	-	3,614,500
• Less: premium	9	-	(1,218,361)	-	-	-	(1,218,361)
Share issuance costs	9	-	(270,184)	(26,202)	-	-	(296,386)
Stock-based compensation	12	-	-	-	65,717	-	65,717
Extension of warrants	10	-	-	64,125	-	(64,125)	-
Warrants extension costs	10	-	-	(1,290)	-	-	(1,290)
Balance at January 31, 2021		**62,759,715**	**13,322,611**	**1,263,294**	**382,485**	**(6,252,520)**	**8,715,870**

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

Harfang Exploration Inc.

Statements of Cash Flows
For the years ended January 31, 2021 and 2020
(In Canadian Dollars)

	Note	Fiscal 2021	Fiscal 2020
		$	$
Operating activities			
Net loss		(1,663,550)	(1,235,885)
Adjustments for:			
Stock-based compensation	12	65,717	104,176
Depreciation of property and equipment		583	584
Gain on disposal of exploration and evaluation assets	7	(599,982)	-
Impairment of exploration and evaluation assets	7	9,074	12,346
Change in fair value – listed shares		385,000	-
Flow through premium	8	(464,284)	(255,693)
Changes in non-cash working capital items			
Accounts receivable		7,355	(7,355)
Sales tax receivable		(66,966)	15,563
Tax credits receivable		43,650	187
Prepaid expenses and others		346	943
Accounts payable and accrued liabilities		318,109	(58,641)
Advance received for exploration work		-	(1,220)
Cash flows used in operating activities		**(1,964,948)**	**(1,424,995)**
Investing activities			
Investment in exploration and evaluation assets		(231,285)	(80,518)
Cash flows used in investing activities		**(231,285)**	**(80,518)**
Financing activities			
Private placements	9	4,623,850	823,669
Flow-through private placements	9	3,614,500	1,453,678
Share issuance costs	9	(319,815)	(93,017)
Warrants extension costs	10	(1,290)	(3,833)
Cash flows from financing activities		**7,917,245**	**2,180,497**
Net change in cash		5,721,012	674,984
Cash – beginning		2,962,041	2,287,057
Cash – ending		**8,683,053**	**2,962,041**
Additional information			
Interest received		13,864	61,521
Shares received in exchange of exploration and evaluation assets	7	630,000	-
Exploration and evaluation assets included in accounts payable and accrued liabilities		-	63,784
Share issuance costs included in accounts payable and accrued liabilities		3,800	1,200

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

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Harfang Exploration Inc. (the “Corporation”) was incorporated on March 30, 2010 under the Business Corporations Act (British Columbia) and on June 22, 2017, in conjunction with a reverse takeover, continued under the Business Corporations Act (Québec). The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under symbol HAR. The Corporation’s head office is located at 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, Canada.

The Corporation, an exploration and evaluation stage company, is in the business of acquiring and exploring mineral properties in Canada. Its focus is currently on the exploration and evaluation of its mineral properties in the James Bay area in the Province of Québec for precious metals.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation properties. The recoverability of deferred exploration and evaluation expenses is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to continue the exploration, evaluation and development of its properties; and obtaining certain government approvals or proceeds from the disposal of properties. Changes in future conditions could require material impairment of the carrying value of the exploration and evaluation assets. Although the Corporation has taken steps to verify title to its mining properties on which it is currently conducting exploration and evaluation work, in accordance with industry standards for the current stage of exploration and evaluation of such property, these procedures do not guarantee the Corporation’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These financial statements (the “Financial Statements”) have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. For Fiscal 2021, the Corporation reported a net loss of $1,663,550 ($1,235,885 for Fiscal 2020) and has an accumulated deficit of $6,252,520 as at January 31, 2021 ($4,524,845 as at January 31, 2020). As at January 31, 2021, the Corporation had working capital of $7,466,502 ($2,714,848 as at January 31, 2020). From this working capital, the Corporation has to dedicate $1,003,466 and $1,500,000 respectively to Canadian mining properties exploration activities, pursuant to the terms of the flow-through financings completed on December 9, 2020 and December 24, 2020 by the Corporation.

Management of the Corporation believes that it has sufficient funds to maintain the status of its current exploration obligations and keep its properties in good standing, to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for the ensuing 12 months as they fall due. The Corporation’s ability to continue future operations beyond twelve months and fund its exploration and evaluation expenditures is dependent on management’s ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments (note 5.4). The completion of the non-brokered private placement in June 22, 2020, December 9, 2020 and on December 24, 2020 (note 9), contributed to such financing. Management will pursue such additional sources of financing when required, and while management has been successful in securing financing in the last 12 months, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation (note 5.4).

2. BASIS OF PRESENTATION

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Board of Directors has approved the Financial Statements on May 19, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these Financial Statements are as follows.

3.1 Basis of measurement

The Financial Statements have been prepared on the historical cost basis.

3.2 Functional and presentation currency

The Financial Statements are presented in Canadian dollars, which is the Corporation's functional currency.

3.3 Financial instruments

The measurement of financial assets and liabilities is based on three possible classification categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the Corporation's business model for holding the instrument and its contractual cash flow characteristics. Equity instruments are classified as financial instruments carried at fair value, with changes in fair value recorded in the statement of income unless such financial instruments are not held for trading, in which case, the financial instrument may be irrevocably designated as fair value through other comprehensive income on initial recognition without subsequent reclassification to net income or loss of realized gains and losses on sale.

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial instruments are required to be measured at fair value on initial recognition. The fair value is based on quoted market prices, unless the financial instruments are not traded in an active market. In this case, the fair value is determined by using valuation techniques like the Black-Scholes option pricing model or other valuation techniques.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement in subsequent periods depends on the classification of the financial instrument. At initial recognition, the Corporation has classified its financial instruments in the three categories as follows:

Category	Financial instrument
Financial assets at fair value through profit and loss	Listed shares
Financial assets at amortized cost	Cash Accounts receivable
Financial liabilities at amortized cost	Accounts payable and accrued liabilities Advance received for exploration work

Interest income from financial assets is accrued, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Listed shares at fair value through profit and loss are equity investments recognized initially at fair value and subsequently measured at fair value. Gains or losses arising from changes in fair value are recorded in the statement of loss and comprehensive loss. Dividend income on those investments are recognized in the statement of loss and comprehensive loss.

3.4 Refundable tax credits for mining exploration and evaluation expenditures

The Corporation is entitled to refundable tax credits on qualified mining exploration and evaluation expenditures incurred in the province of Québec. The credits are accounted for against the exploration and evaluation expenditures as incurred. As management intends to realize the carrying value of its assets through the sale of its exploration and evaluation assets, the related deferred tax has been calculated accordingly.

3.5 Exploration and evaluation assets and expenditures

Expenditures incurred on activities that precede exploration and evaluation activities, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed as incurred on the statement of loss and comprehensive loss.

Rights in mining properties and costs associated with acquiring an exploration and evaluation asset, paid or acquired through a business combination or an acquisition of assets, are capitalized. They are subsequently measured at cost less accumulated impairment. Exploration and evaluation assets acquired in a business combination are initially recognized at fair value.

Exploration expenditures (net from exploration expenditures recharged to partners) include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies.

Evaluation expenditures (net from evaluation expenditures recharged to partners) include the cost of establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body, determining the optimal methods of extraction and metallurgical and treatment processes, studies related to surveying, transportation and infrastructure requirements, permitting activities and economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and feasibility studies.

In addition, exploration and evaluation expenditures include overhead expenses directly attributable to the related activities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exploration and evaluation expenditures are expensed as incurred on the statement of loss and comprehensive loss until a prefeasibility or a feasibility study has been completed and development is sanctioned. Capitalized exploration and evaluation expenditures are transferred to property, plant and equipment upon a decision to develop the property and will be subject to depreciation only when the properties are put into commercial production.

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the statement of cash flows under the headings investments in exploration and evaluation assets.

Funds received from partners on certain properties where the Corporation is the operator in order to perform exploration work as per agreements, are accounted for in the statement of financial position as advances received for upcoming exploration work. These advances are reduced gradually when the exploration work is performed. The project management fees received when the Corporation is the operator are recorded in the statement of loss and comprehensive loss when the exploration and evaluation expenditures are charged back to the partner. When the partner is the operator, the management fees are recorded in the statement of loss and comprehensive loss as exploration and evaluation expenditures.

3.6 Leases

At the commencement date of a lease, a liability is recognized to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset) is also recognized. The interest expense on the lease liability is recognized separately from the depreciation expense on the right-of-use asset.

The lease liability is remeasured upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). This remeasurement is generally recognized as an adjustment to the right-of-use asset. Leases of "low-value" assets and short-term leases (12 months or less) will continue to be recorded as operating lease. Payments under an operating lease are charged to the statement of loss and comprehensive loss.

3.7 Impairment of non-financial assets

The carrying value of non-financial assets is reviewed regularly and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Corporation evaluates impairment losses at each reporting date for potential reversals when events or circumstances warrant such consideration.

3.8 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current income taxes

The current income tax charge is the expected tax payable on the taxable income for the year, using the tax laws enacted or substantively enacted at the statement of financial position date in the jurisdictions where the Corporation operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred income taxes

The Corporation uses the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates (and laws) that apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.9 Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

Flow-through shares

The Corporation finances some exploration and evaluation expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference ("premium") between the amounts recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the statement of loss and comprehensive loss as a recovery of deferred income taxes when the eligible expenditures are incurred. The amount recognized as a flow-through share liability represents the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares, net of allocated issue costs.

Issuance of units

Proceeds from unit placements are allocated between shares and warrants issued using the Black-Scholes valuation model used to determine the value of warrants issued.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Warrants

Warrants are classified as equity. Incremental costs directly attributable to the issuance of warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

3.11 Equity-settled share-based compensation

The Corporation offers an equity settled share-based compensation plan for its eligible directors, officers, employees and consultants. Each award is considered a separate award with its own vesting periods and fair value. Fair value is measured at the date of grant using the Black-Scholes option pricing model.

Any consideration paid on exercise of share options is credited to share capital. None of the Corporation's plans feature any options for a cash settlement. The accumulated expenses resulting from stock options are transferred to share capital when the options are exercised.

All equity settled share-based compensation are ultimately recognized as an expense in the statement of loss and comprehensive loss with a corresponding credit to stock options, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options or warrants expected to vest. Non-market vesting conditions are included in assumptions about the instruments that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of instruments expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period.

3.12 Earnings (loss) per share

The calculation of earnings (loss) per share ("EPS") is based on the weighted average number of common shares outstanding for each period. The basic EPS is calculated by dividing the profit or loss attributable to the equity owners of the Corporation, considering the impact of the warrants extension, by the weighted average number of common shares outstanding during the period.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. It also includes shares issued and held in escrow. The treasury stock method is used to determine the dilutive effect of the warrants and share options. When the Corporation reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants and share options.

3.13 Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the President who fulfills the role of the chief operating decision-maker. The President is responsible for allocating resources and assessing performance of the Corporation's operating segments. The Corporation manages its business under a single operating segment, consisting of acquiring and exploring mineral properties in Canada.

4. CHANGES IN ACCOUNTING POLICIES

4.1 New accounting standard adopted

Amendments to IAS 1 *Presentation of Financial Statements*

The IASB has made amendments to IAS 1 *Presentation of Financial Statements* which use a consistent definition of materiality throughout IFRS and the *Conceptual Framework for Financial Reporting*, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify that information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. The Corporation adopted IAS 1 on February 1, 2020, which did not have a significant impact on the financial statements disclosures.

4.2 Accounting standards issued but not yet effective

The Corporation has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than February 1, 2021. Many of these updates are not expected to have any significant impact on the Corporation and are therefore not discussed herein.

Amendments to IAS 16 *Property, plant and equipment*

The IASB has made amendments to IAS 16 *Property, plant and equipment*, which will be effective for financial years beginning on or after January 1, 2022. Proceeds from selling items before the related item of Property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. The Corporation will therefore need to distinguish between the costs associated with producing and selling items before the item of Property, plant and equipment (pre-production revenue) is available for use and the costs associated with making the item of Property, plant and equipment available for its intended use. For the sale of items that are not part of a Corporation's ordinary activities, the amendments will require the Corporation to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of loss and comprehensive loss. These amendments will have an impact on the Corporation's financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

The more significant areas requiring the use of management estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, relate to the going concern assumption, the impairment of assets, the income taxes and the uncertainty due to COVID-19.

5.1 Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.2 Impairment of non-financial assets

Asset groups are reviewed for an indication of impairment at each statement of financial position date or when a triggering event is identified. Factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or will expire in the near future, and is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale; significant negative industry or economic trends; interruptions in exploration and evaluation activities; and a significant drop in current or forecast commodity prices.

Assessment of impairment of non-financial assets requires the use of judgements when assessing whether there are any indicators that could give rise to the requirement to conduct a formal impairment test on the Corporation's non-financial assets.

5.3 Income taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

The Corporation is also subject to usual tax audits. Where the final tax outcome of tax audits is different from the amounts that were initially recorded, such differences could impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5.4 Uncertainty due to COVID-19

During the 2020 year, an outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets at the date of completion of the Financial Statements. These events may cause significant changes on the Corporation's ability to complete planned exploration and evaluation activities, meet its obligations according to the terms of the flow-through financings or our ability to obtain debt and equity financing. Following these events, the Corporation has taken and will continue to take action to minimize the impact of the COVID-19 pandemic. However, it is impossible to ultimately determine the financial implications of these events.

(In Canadian Dollars)

6. CASH

The balance on flow-through financing not spent according to the terms of the financings completed on December 9, 2020 and December 24, 2020 by the Corporation represents $1,003,466 and $1,500,000 respectively, as at January 31, 2021, and is included in cash. The Corporation has to dedicate these funds to Canadian mining properties exploration activities by December 31, 2022.

7. EXPLORATION AND EVALUATION ASSETS

Mineral properties acquisition costs	As at Feb. 1, 2020	Net claims acquisitions / renewals	Disposal	Impairment	As at January 31, 2021
	$	$	$	$	$
Lake Ménarik(1)	542,875	-	-	-	542,875
Ménarik East(2)	104,503	-	-	-	104,503
Serpent(3)	117,274	44,433	-	-	161,707
Lake Fagnant(4)	7,039	603	-	(54)(12)	7,588
Lake Aulneau(5)	21,721	7,672	-	(9,020)(12)	20,373
Lake Tapiatic(6)	22,046	-	-	-	22,046
Kali(7)	29,722	296	(30,018)	-	-
Bonfait(8)	-	29,876	-	-	29,876
La Passe(9)	-	12,320	-	-	12,320
Taïga(10)	-	48,356	-	-	48,356
Pontax(11)	-	19,109	-	-	19,109
Generation	30,779	4,836	-	-	35,615
	875,959	**167,501**	**(30,018)**	**(9,074)**	**1,004,368**

Mineral properties acquisition costs	As at Feb. 1, 2019	Net claims acquisitions / renewals	Impairment	As at January 31, 2020
	$	$	$	$
Lake Ménarik	534,570	8,305	-	542,875
Ménarik East	104,503	594	(594)(12)	104,503
Serpent	44,395	72,879	-	117,274
Muskeg	8,730	-	(8,730)(13)	-
Lake Fagnant	5,620	2,808	(1,389)(12)	7,039
Lake Aulneau	17,401	4,320	-	21,721
Lake Tapiatic	-	22,046	-	22,046
Kali	-	29,722	-	29,722
Generation	29,125	3,287	(1,633)(12)	30,779
	744,344	**143,961**	**(12,346)**	**875,959**

(1) On June 23, 2016, the Corporation acquired the Lake Ménarik Property, a gold exploration property located in the James Bay area, from Osisko Gold Royalties Ltd ("Osisko") in exchange for 5,000,000 common shares valued at $0.10 per common share for an acquisition cost of $500,000. Osisko retained a 2% net smelter return royalty on the property.

(2) On October 14, 2016, the Corporation acquired a property located east of the Lake Ménarik Property (named Ménarik East) for $95,000 paid in cash.

(3) The Corporation staked mining claims by map designation (100% owned by the Corporation) within the Serpent property. The property is located in the James Bay area.

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

(4) On January 16, 2018, a joint venture agreement (50%-50%) was executed by the Corporation and Kenorland Minerals Ltd. ("Kenorland") regarding the Lake Fagnant Property consisting of mining claims located in the Nunavik territory, 55 km east of Kuujjuarapik on the east coast of Hudson Bay, Québec.

On August 5, 2018, the Corporation and Kenorland entered into an amended and restated joint venture agreement with UrbanGold Minerals Inc. ("UrbanGold") on the Lake Fagnant Property. The are five mining claims subject to a 1% net smelter return royalty (NSR) shared between Geotest Corporation (0.5%) and Wayne Holmstead (0.5%). Under the joint venture agreement, the initial respective participating interests of the participants are as follows: 40% for the Corporation, 40% for Kenorland and 20% for UrbanGold. The operator of the joint venture will be the Corporation for as long as its participating interest is equal to or greater than the others participants'. If the Corporation's or Kenorland's interest is diluted to less than 10%, it will be converted into a 1% NSR royalty on the Lake Fagnant Property. The operator will have the right to buy-back half of this royalty (0.5% NSR) for $500,000 or, under certain circumstances, the aggregate royalty (1% NSR) for $1,000,000. If UrbanGold's participating interest is diluted to less than 10%, then UrbanGold interest will be converted to a 0.5% NSR royalty on the Initial Claims. The operator will have the right to buy-back half of the NSR royalty (0.25% NSR) for $250,000 or, under certain circumstances, the aggregate royalty (0.5% NSR) for $500,000. As at January 31, 2021, the participating interests of the participants have not changed.

(5) The Corporation staked mining claims by map designation (100% owned by the Corporation) within the Lake Aulneau property. The property is located 125 km south of Kuujjuaq and 265 km north of Schefferville.

(6) The Corporation staked mining claims by map designation (100% owned by the Corporation) within the Lake Tapiatic property. The property is located in the James Bay area, approximately 110 km east of the Radisson village and 2 km north of the La Grande-3 hydroelectric power plant.

(7) The Corporation staked mining claims, separated into two blocks, by map designation (100% owned by the Corporation) within the Kali property. The property is located in the James Bay area, 280 km north of Matagami.

On September 6, 2020, the Corporation signed an agreement for the sale (the "Transaction") of 100% of its right, title and interest in the Kali Project to QcX Gold Corp. ("QcX Gold"). In order to complete the Transaction and in accordance with the terms of the agreement, QcX Gold issued on September 21, 2020 to the Corporation an aggregate of 1,750,000 common shares valued at $630,000 (1,750,000 common shares as at January 31, 2021) as per the Exchange price on this day, and granted in favour of the Corporation a 2.5% net smelter returns royalty (the "NSR Royalty"), with no buyback option, in respect of the Kali Project.

(8) The Corporation staked by map designation 194 mining claims (100% owned by the Corporation) and comprising the Bonfait property. The property is located in the James Bay area, approximately 85 km southeast of the Radisson locality and 2 km south of the La Grande-3 airport.

(9) The Corporation staked by map designation 80 mining claims (100% owned by the Corporation) and comprising the La Passe property. The property is located in the James Bay area, approximately 78 km southeast of the Radisson locality.

(10) The Corporation staked by map designation 314 mining claims (100% owned by the Corporation) and comprising the Taïga property. The property is located in the James Bay area.

(11) The Corporation staked by map designation 287 mining claims (100% owned by the Corporation) and comprising the Pontax property. The property is located in the James Bay area.

(12) The Corporation impaired partially the property for the claims that were dropped.

(13) The Corporation wrote off this property since all the claims were dropped.

(In Canadian Dollars)

8. LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

	Fiscal 2021	Fiscal 2020
	$	$
Balance, beginning of period	156,825	36,393
Addition, net of issue costs	1,192,332	376,125
Reduction related to qualifying exploration expenditures	(464,284)	(255,693)
Liability related to the premium on flow through shares	**884,873**	**156,825**

9. SHARE CAPITAL

9.1 Share Capital

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

Fiscal 2021

a) Private placements (June 2020)

On June 22, 2020, the Corporation closed a non-brokered private placement consisting of 5,604,000 units at a price of $0.25 per unit and of 3,140,000 flow-through common shares at a price of $0.35 per flow-through common share for an aggregate gross proceeds of $2,500,000. Each unit was comprised one common share and one half of one common share purchase warrant, with each warrant being exercisable into one additional common share for 24 months from the closing date of the private placement at an exercise price of $0.40 per common share.

From the total proceeds received from the units of $1,401,000, $152,185 has been allocated to warrants and $1,248,815 to capital stock, according to a pro-rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 75.3%, a risk free interest rate of 0.27% and an expected life of the warrants of 2 years. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of the placement and for a period corresponding to the expected life of the warrants.

Regarding the flow-through private placement of $1,099,000, the Corporation's share market value at closing was $0.25, therefore the residual value attributed to the benefit related to flow-through shares renunciation was $0.10 for a total value of $314,000 credited to the liability related to the premium on flow-through shares.

Share issue expenses, including the finder's fees of $55,807, totalled $95,353 of which $78,896 was allocated to capital stock, $6,616 to warrants and $9,841 to flow-through premium.

b) Private placements (December 9, 2020)

On December 9, 2020, the Corporation closed a non-brokered private placement consisting of 9,208,142 units at a price of $0.35 per unit and of 2,031,000 flow-through common shares at a price of $0.50 per flow-through common share for an aggregate gross proceeds of $4,238,350. Each unit was comprised one common share and one half of one common share purchase warrant, with each warrant being exercisable into one additional common share for 24 months from the closing date of the private placement at an exercise price of $0.55 per common share.

9. SHARE CAPITAL (CONT'D)

From the total proceeds received from the units of $3,222,850, $348,951 has been allocated to warrants and $2,873,899 to capital stock, according to a pro-rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 74.3%, a risk free interest rate of 0.27% and an expected life of the warrants of 2 years. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of the placement and for a period corresponding to the expected life of the warrants.

Regarding the flow-through private placement of $1,015,500, the Corporation's share market value at closing was $0.33, therefore the residual value attributed to the benefit related to flow-through shares renunciation was $0.17 for a total value of $345,270 credited to the liability related to the premium on flow-through shares.

Share issue expenses, including the finder's fees of $110,920, totalled $212,133 of which $181,924 was allocated to capital stock, $19,586 to warrants and $10,623 to flow-through premium.

c) Private placements (December 24, 2020)

On December 24, 2020, the Corporation closed a non-brokered private placement consisting of 2,727,274 flow-through common shares at a price of $0.55 per flow-through common share for a gross proceeds of $1,500,000.

Regarding this flow-through private placement of $1,500,000, the Corporation's share market value at closing was $0.345, therefore the residual value attributed to the benefit related to flow-through shares renunciation was $0.205 for a total value of $559,091 credited to the liability related to the premium on flow-through shares.

Share issue expenses totalled $14,929 of which $9,364 was allocated to capital stock and $5,565 to flow-through premium.

Fiscal 2020

d) Private placements (March 2019)

On March 20, 2019, the Corporation completed non-brokered private placements for aggregate gross proceeds of $1,452,880. Under such private placements, the Corporation issued 2,017,476 common shares at a price of $0.21 per common share for gross proceeds of $423,670, 2,014,034 flow-through common shares at a price of $0.30 per flow-through common share ("$0.30 FT Shares") for gross proceeds of $604,210 and 1,214,286 flow-through common shares at a price of $0.35 per flow-through common share ("$0.35 FT Shares") for gross proceeds of $425,000. The $0.35 FT Shares were part of an arrangement through which Osisko became the ultimate owner of all the $0.35 FT Shares.

Regarding the $0.30 FT Shares and $0.35 FT Shares private placements, the Corporation's share market value at closing was $0.225, therefore the residual value attributed to the benefit related to flow-through shares renunciations was $0.075 and $0.125 respectively, for a total value of $302,838 credited to the liability related to the premium on flow-through shares.

Share issue expenses, including the finder's fees of $14,235, totaled $50,179 of which $41,683 was allocated to capital stock and $8,496 to flow-through premium.

9. SHARE CAPITAL (CONT'D)

e) Private placement (September 2019)

On September 17, 2019, the Corporation closed a private placement consisting of 769,225 units at a price of $0.26 per unit for gross proceeds of $199,999. Each unit comprised one common share and one half of one common share purchase warrant, with each warrant being exercisable into one additional common share for 24 months from the closing date of the private placement at an exercise price of $0.40 per common share.

From the total proceeds received from the units of $199,999, $18,545 has been allocated to warrants and $181,454 to capital stock, according to a pro-rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 64.45%, a risk free interest rate of 1.61% and an expected life of the warrants of 2 years. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of the placement and for a period corresponding to the expected life of the warrants.

Share issue expenses totaled $15,521 of which $14,081 was allocated to capital stock and $1,440 to warrants.

f) Private placements (December 2019)

On December 16, 2019, the Corporation closed a non-brokered private placement consisting of 800,000 units at a price of $0.25 per unit and of 1,414,893 flow-through common shares at a price of $0.30 per flow-through common share for an aggregate gross proceeds of $624,468. Each unit was comprised one common share and one half of one common share purchase warrant, with each warrant being exercisable into one additional common share for 24 months from the closing date of the private placement at an exercise price of $0.40 per common share.

From the total proceeds received from the units of $200,000, $18,044 has been allocated to warrants and $181,956 to capital stock, according to a pro-rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 65%, a risk free interest rate of 1.69% and an expected life of the warrants of 2 years. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of the placement and for a period corresponding to the expected life of the warrants.

Regarding the flow-through private placement of $424,468, the Corporation's share market value at closing was $0.24, therefore the residual value attributed to the benefit related to flow-through shares renunciation was $0.06 for a total value of $84,894 credited to the liability related to the premium on flow-through shares.

Share issue expenses, including the finder's fees of $7,835, totalled $28,517 of which $24,237 was allocated to capital stock, $1,169 to warrants and $3,111 to flow-through premium.

(In Canadian Dollars)

9. SHARE CAPITAL (CONT'D)

9.2 Capital Management

The Corporation's primary objectives when managing capital are to maintain a sufficient capital base in order to meet its short-term obligations and to fund its exploration and evaluation activities. As needed, the Corporation raises funds in the capital markets. The Corporation does not use long term debt since it does not generate operating revenues. There is no dividend policy. The Corporation defines capital as its total equity. Changes in capital are depicted on the statement of changes in equity. Refer to statements of changes in equity for explanations regarding changes to capital between January 31, 2021 and 2020. The Corporation is not subject to material externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Corporation closes a flow-through private placement in which case the funds are reserved in use for exploration expenses (and the Corporation was in compliance during the year).

10. WARRANTS

Changes in the Corporation's warrants are as follows:

	Fiscal 2021			Fiscal 2020		
	Number of warrants	**Carrying Value**	**Weighted average exercise price**	**Number of warrants**	**Carrying Value**	**Weighted average exercise price**
		$	**$**		**$**	**$**
Balance, beginning	5,888,112	725,525	0.40	5,103,500	370,593	0.40
Issued (Note 9)	7,406,071	474,934	0.49	784,612	33,980	0.40
Extended	-	64,125	-	-	324,785	-
Extension costs	-	(1,290)	-	-	(3,833)	-
Balance, end	**13,294,183**	**1,263,294**	**0.45**	**5,888,112**	**725,525**	**0.40**

Warrants outstanding and exercisable as at January 31, 2021 are as follows:

Number of warrants outstanding and exercisable	**Exercise price**	**Expiry date**
	$	
3,821,000	0.40	June 22, 2021 (extended)
384,612	0.40	September 17, 2021
400,000	0.40	December 16, 2021
2,802,000	0.40	June 22, 2022
1,282,500	0.40	July 12, 2022 (extended)
4,604,071	0.55	December 8, 2022
13,294,183		

(In Canadian Dollars)

10. WARRANTS (CONT'D)

On May 21, 2019, the Board of Directors of the Corporation decided to extend until June 22, 2021 the expiry date of the 3,821,000 warrants issued in connection with a private placement closed on June 22, 2017. On June 7, 2019, the Exchange approved such extension and on June 18, 2019, a supplemental warrant indenture was executed by the Corporation with Computershare Trust Company of Canada. The total cost of the warrant extension is $324,785 which has been recorded under warrants and the offsetting entry is recorded in the deficit. The fair value of the warrants extension was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period when the decision was taken to extend the warrants. The assumptions used were as follows for the two periods respectively: no expected dividend yield, 72.51% and 62.88% expected volatility, 1.68% and 1.69% risk-free interest rate and 2.1 and 0.1 years warrant expected life. The expected volatility was estimated by benchmarking comparable situations for companies that are similar to the Corporation. Warrant extension expenses totaled $3,833 and were allocated to warrants.

On May 20, 2020, the Board of Directors of the Corporation decided to extend until July 12, 2022 the expiry date of the 1,282,500 warrants issued in connection with a private placement closed on July 12, 2018. The total cost of the warrant extension is $64,125 which has been recorded under warrants and the offsetting entry is recorded in the deficit. The fair value of the warrants extension was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period when the decision was taken to extend the warrants. The assumptions used were as follows for the two periods respectively: no expected dividend yield, 72.42% and 100.48% expected volatility, 0.28% and 0.24% risk-free interest rate and 2.13 and 0.13 years warrant expected life. The expected volatility was determined by the historical volatility of the Corporation. Warrant extension expenses totaled $1,290 and were allocated to warrants.

11. EXPLORATION AND EVALUATION EXPENDITURES

	Fiscal 2021	**Fiscal 2020**
	$	**$**
Salaries and benefits	506,859	344,692
Geology	561,741	335,441
Analysis	123,359	81,397
Transportation	14,464	67,868
Geophysics	326,961	96,175
Drilling	183,055	-
Lodging and food	37,953	33,517
Supplies and equipment	37,733	36,275
Taxes, permits and insurance	2,823	24
Recharge to partners	(614)	(4,108)
Exploration and evaluation expenditures before tax credits	1,794,334	991,281
Tax credits	-	(43,610)
Exploration and evaluation expenditures	**1,794,334**	**947,671**

(In Canadian Dollars)

12. REMUNERATION

12.1 Salaries

	Fiscal 2021	Fiscal 2020
	$	**$**
Salaries	595,567	434,250
Benefits	81,877	60,594
	677,444	494,844
Less: salaries and benefits presented in exploration and evaluation expenditures	(506,859)	(344,692)
Salaries disclosed on the statement of loss and comprehensive loss	**170,585**	**150,152**

12.2 Stock-based compensation

	Fiscal 2021	Fiscal 2020
	$	**$**
Stock-based compensation disclosed on the statement of comprehensive loss	65,717	104,176

The Corporation has a stock option plan (the "Plan"). The number of options granted is determined by the Board of Directors. The exercise price of any option granted under the plan shall be fixed by the Board of Directors at the time of grant and shall not be lower than the closing price on the day preceding the grant. The term of the option will not exceed ten years from the date of grant. The options vesting period is determined by the Board of Directors. On July 16, 2020, the shareholders of the Corporation renewed the stock option plan which provides that the maximum number of common shares in the capital of the Corporation that may be reserved for issuance under the plan is limited to a maximum of 10% of the common shares outstanding.

Fiscal 2021

On May 22, 2020, the Corporation granted to its directors, officers, employees and consultants 337,500 options exercisable at an exercise price of $0.25, valid for 10 years. The options vested 100% at the grant date. Those options were granted at an exercise price over to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to $64,800 for an estimated fair value of $0.192 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 97.38% expected volatility, 0.53% risk-free interest rate and 10 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

Fiscal 2020

On May 27, 2019, the Corporation granted to its directors, officers, employees and consultants 225,000 options exercisable at an exercise price of $0.27, valid for 10 years. The options vested 100% at the grant date. Those options were granted at an exercise price over to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to $51,975 for an estimated fair value of $0.231 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 93.76% expected volatility, 1.62% risk-free interest rate and 10 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

(In Canadian Dollars)

12. REMUNERATION (CONT'D)

On January 17, 2020, the Corporation granted to its consultants 200,000 options exercisable at an exercise price of $0.24, valid for 10 years. The options vested 100% at the grant date. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to $42,200 for an estimated fair value of $0.211 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 96.02% expected volatility, 1.59% risk-free interest rate and 10 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

A summary of changes in stock options is as follows:

	Fiscal 2021		Fiscal 2020	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Balance, beginning	1,375,000	0.25	950,000	0.25
Granted	337,500	0.25	425,000	0.26
Balance, end	**1,712,500**	**0.25**	**1,375,000**	**0.25**

Stock options outstanding and exercisable as at January 31, 2021 are as follows:

Number of options outstanding and exercisable	Exercise price	Expiry date
	$	
535,000	0.25	June 22, 2027
120,000	0.25	March 15, 2028
295,000	0.25	July 18, 2028
225,000	0.27	May 27, 2029
200,000	0.24	January 17, 2030
337,500	0.25	May 22, 2030
1,712,500		

(In Canadian Dollars)

13. INCOME TAXES

A reconciliation of income taxes at the combined Canadian statutory rate 26.5% (26.5% fiscal 2020) with the reported taxes is as follows:

	Fiscal 2021	Fiscal 2020
	$	$
Net loss before income taxes	(2,127,834)	(1,491,578)
Expected income tax recovery	(563,876)	(395,268)
Increase (decrease) attributable to:		
Tax effect of renounced flow-through share expenditures	474,064	235,435
Amortization of flow-through share premiums	(464,284)	(255,693)
Stock-based compensation	17,415	27,607
Non deductible expenses (income)	942	(262)
Change in unrecognized deductible temporary differences	107,362	131,600
Permanent difference	(28,485)	-
Change in statutory tax rates and other	(7,422)	888
Total	(464,284)	(255,693)

The significant components of deductible temporary differences and unused tax losses for which the benefits have not been recorded on the statement of financial position as at January 31, 2021 are as follows:

	As at January 31, 2021	Expiry date range
	$	
Exploration and evaluation	184,976	N/A
Share issue costs	339,377	N/A
Listed shares	(214,982)	N/A
Non-capital losses	73,721	2035
Non-capital losses	104,686	2036
Non-capital losses	302,580	2037
Non-capital losses	99,178	2038
Non-capital losses	650,525	2039
Non-capital losses	454,318	2040
Non-capital losses	569,125	2041

14. NET LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period, considering the impact of the warrants extension. In calculating the diluted loss per share, potential common shares such as stock options and warrants have not been included, as they would have the effect of decreasing the loss per share from continuing operations. Decreasing the loss per share from continuing operations would be antidilutive.

(In Canadian Dollars)

15. KEY MANAGEMENT COMPENSATION AND RELATED PARTY TRANSACTIONS

15.1 Key management compensation

Key management includes directors (executive and non-executive) and officers of the Corporation. The compensation paid or payable to key management for employee services is presented below:

	Fiscal 2021	Fiscal 2020
	$	$
Short-term benefits		
Salaries and benefits	168,943	149,381
Consulting and professional fees presented in the share issuance costs	47,164	35,260
Consulting and professional fees presented in the warrants extension costs	1,290	945
Consulting and professional fees	101,134	106,792
Long-term benefits		
Stock-based compensation	48,437	43,616
Total compensation	**366,968**	**335,994**

A company controlled by an officer charged an amount of $64,048 ($54,857 in Fiscal 20) of which $15,594 ($18,652 in Fiscal 20) was recorded as of professional fees, $47,164 ($35,260 in Fiscal 20) as share issuance costs and $1,290 ($945 in Fiscal 20) as warrants extension costs, included in the table above.

The President of the Corporation's employment agreement, which came into force on June 22, 2017, provides for payments, on termination of employment without cause or following a change of control, of $175,000 to $262,500 representing 12 to 18 months of base salary, depending on circumstances.

15.2 Related party transactions

In addition to the amounts listed above in the key management compensation, following are the related party transactions:

In the normal course of operations:

- Osisko, a shareholder with significant influence over the Corporation, charged an amount of $33,780 ($29,451 in Fiscal 2020) of which $23,809 ($18,975 in Fiscal 2020) was recorded for rental of office space, $6,164 ($6,826 in Fiscal 2020) as professional fees and $3,807 ($3,650 in Fiscal 2020) as filing fees;
- As at January 31, 2021, the balance due to those related parties listed above and in the key management compensation amounted to $17,192 ($14,658 as at January 31, 2020).

Out of the normal course of operations:

- Directors and officers of the Corporation participated in the June 22, 2020 and December 9, 2020 flow-through private placement for $37,575 and $80,000 respectively ($28,500 in the March 20, 2019 and $14,999 in December 16, 2019 flow-through private placement) and in the June 22, 2020 and December 9, 2020 unit private placement for $20,000 and $15,750 respectively ($2,500 in December 16, 2019 unit private placement). The directors and officers subscribed to the unit private placement and the flow-through private placement under the same terms and conditions set forth all subscribers.

16. FAIR VALUE OF FINANCIAL INSTRUMENT

The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

The fair value of the listed shares at fair value through profit and loss is established using the closing price on the most beneficial active market for this instrument that is readily available to the Corporation and as such are classified as Level 1 in the fair value hierarchy.

17. FINANCIAL RISKS

The Corporation's activities expose it to certain financial risks including the market risk, the credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's performance.

Risk management is carried out under policies approved by the Board of Directors. The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment in excess liquidities.

17.1 Market risk

Listed shares risk
Listed shares risk is the risk that the fair value of a financial instrument varies due to the changes in the Canadian mining sector and equity market. For the Corporation's listed shares at fair value through profit and loss, a variation of plus or minus 20% of the quoted market prices as at January 31, 2021 would result in an estimated effect on the net income (loss) of $49,000.

17.2 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 financial instrument that potentially subjects the Corporation to credit risk consists of cash and accounts receivable (bank balances and accounts receivable are classified as amortized cost). The balance of cash is $8,683,053 as of January 31, 2021 ($2,962,041 as of January 31, 2020) and accounts receivable is nil as of January 31, 2021 ($7,355 as of January 31, 2020). The Corporation reduces its credit risk by holding its cash with Canadian chartered banks. The Corporation aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on accounts receivable.

17.3 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. The Corporation manages the liquidity risk by continuously monitoring actual and projected cash flows, taking into account the requirements related to its investment commitments and exploration and evaluation properties and matching the maturity profile of financial assets and liabilities. The Board of Directors reviews and approves any material transaction out of the ordinary course of business. Financial liabilities as at January 31, 2021 are comprised of accounts payable and accrued liabilities that are payable within 90 days. As described in Note 1, the Corporation estimates that with its liquidity position as at January 31, 2021, it has enough funds available to meet its financial liabilities for the next year.

(In Canadian Dollars)

18. COMMITMENTS

The Corporation is committed to minimum amounts for access to office space with Osisko which it may terminate by delivering a 90-day prior written notice to Osisko. Without taking into account the early termination option, as at January 31, 2021, minimum commitments remaining under this agreement were approximately $4,751 over the following year:

Year ending January 31,	$
2022	4,751
	4,751

19. SUBSEQUENT EVENTS

On February 19, 2021, the Corporation granted to its directors, officers, employees and consultants 735,000 options exercisable at an exercise price of $0.425, valid for 10 years. The options vested 100% at the grant date. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant.