GREAT BEAR

RESOURCES

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Great Bear Resources Ltd.:

Opinion

We have audited the consolidated financial statements of Great Bear Resources Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flowfor the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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 Ronald D. Miller.

Vancouver, British Columbia
April 6,2021

MNP LLP

Chartered Professional Accountants

GREAT BEAR RESOURCES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		Dec 31, 2020		Dec 31, 2019
Assets				
Cash	**$**	**39,356,165**	$	28,515,877
Investments in equity instruments (Note 6)		**719,100**		1,208,566
Receivables (Note 7, 15)		**1,070,350**		533,435
Prepaid expenses		**259,260**		226,141
		41,404,875		30,484,019
Long-term investments		**57,500**		-
Exploration and evaluation assets (Note 8)		**45,077,662**		19,028,086
Total assets	**$**	**86,540,037**	$	49,512,105
Liabilities				
Accounts payable and accrued liabilities (Note 9, 15)	**$**	**2,930,710**	$	1,421,513
Flow-through premium liability (Note 10)		**7,718,734**		4,766,849
		10,649,444		6,188,362
Deferred tax liabilities (Note 14)		**3,259,847**		-
Total liabilities	**$**	**13,909,291**	$	6,188,362
Equity				
Share capital (Note 11)		**89,524,230**		55,559,573
Contributed surplus (Note 11)		**17,842,327**		11,894,093
Accumulated other comprehensive income		**18,038**		166,928
Deficit		**(34,753,849)**		(24,296,851)
Total equity		**72,630,746**		43,323,743
Total liabilities and equity	**$**	**86,540,037**	$	49,512,105

Nature of operations (Note 1)
Commitments (Note 8, 17)
Subsequent events (Note 11d, 20)

Approved and authorized for issue by the Board of Directors on April 6, 2021.

"Paula Rogers" Director

"David Terry" Director

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

GREAT BEAR RESOURCES LTD.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year ended Dec 31, 2020		2019
Expenses				
Salaries and benefits	**$**	**1,321,368**	$	738,049
Professional fees		**593,725**		144,849
Marketing expense		**526,926**		851,609
Office and administration		**332,483**		483,411
Consulting		**297,503**		231,592
Transfer agent and filing fees		**265,226**		97,824
Director fees (Note 15)		**119,331**		90,000
Share-based payments (Note 11d)		**7,494,583**		3,017,455
Total expenses		**(10,951,145)**		(5,654,789)
Other income				
Finance income (Note 12)		**253,317**		364,735
Other income (Note 13)		**6,612,734**		2,846,346
Total other income		**6,866,051**		3,211,081
Net loss before taxes		**(4,085,094)**		(2,443,708)
Deferred income tax expense (Note 14)		**(4,917,366)**		-
Net loss	**$**	**(9,002,460)**	$	(2,443,708)
Other comprehensive income/(loss) that will not be reclassified to net loss:				
Change in the fair value of equity instruments, net of tax (Note 6)		**(148,890)**		252,374
Net comprehensive loss	**$**	**(9,151,350)**	$	(2,191,334)
Basic and diluted loss per common share	**$**	**(0.18)**	$	(0.05)
Basic and diluted weighted average number of common shares outstanding		**48,963,841**		40,885,605

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

(Expressed in Canadian Dollars)

	Common Shares					
	Number	Amount	Contributed Surplus	AOCI	Deficit	Total
Balance at December 31, 2018	**37,133,611**	**$ 29,330,540**	**$ 10,047,947**	**$ (85,446)**	**$ (21,853,143)**	**$ 17,439,898**
Shares issued in private placement (Note 11b)	4,000,000	21,080,000	-	-	-	21,080,000
Shares issued for mineral property (Note 11b)	108,500	355,880	-	-	-	355,880
Share-based payments (Note 11d)	-	-	3,929,314	-	-	3,929,314
Shares issued on exercise of options (Note 11b)	576,500	708,625	-	-	-	708,625
Shares issued on exercise of warrants (Note 11b)	5,031,802	4,024,184	-	-	-	4,024,184
Share issue costs – finders' warrants	-	(231,612)	231,612	-	-	-
Share issue costs – cash	-	(2,022,824)	-	-	-	(2,022,824)
Change in fair value of equity investments	-	-	-	252,374	-	252,374
Reclass of contributed surplus	-	2,314,780	(2,314,780)	-	-	-
Net loss for the year	-	-	-	-	(2,443,708)	(2,443,708)
Balance at December 31, 2019	**46,850,413**	**$ 55,559,573**	**$ 11,894,093**	**$ 166,928**	**$ (24,296,851)**	**$ 43,323,743**
Shares issued pursuant to the Offering (Note 11b)	2,195,600	24,239,424	-	-	-	24,239,424
Share issuance costs, net of tax (Note 11b)	-	(577,893)	-	-	-	(577,893)
Shares issued for mineral properties (Note 8, 11b)	110,000	1,179,000		-		1,179,000
Shares issued on exercise of options (Note 11b)	678,900	1,518,441	-	-	-	1,518,441
Shares issued on exercise of warrants (Note 11b)	3,161,445	4,654,196	-	-	-	4,654,196
Allocation to Royalties Corp. for warrants exercised in GBR (Note 2)	-	(22,990)	-	-	-	(22,990)
Share-based payments (Note 11d)	-	-	8,922,713	-	-	8,922,713
Change in fair value equity investments, net of tax (Note 6)	-	-	-	(148,890)	-	(148,890)
Reclass of contributed surplus	-	2,974,479	(2,974,479)			-
Net loss for the year	-	-	-	-	(9,002,460)	(9,002,460)
Distribution of assets pursuant to the Arrangement (Note 2)	-	-	-	-	(1,454,538)	(1,454,538)
Balance at December 31, 2020	**52,996,358**	**$ 89,524,230**	**$ 17,842,327**	**$ 18,038**	**$ (34,753,849)**	**$ 72,630,746**

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

GREAT BEAR RESOURCES LTD.
Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

				Year ended Dec 31,
		2020		**2019**
Net loss for the year	**$**	**(9,002,460)**	$	(2,443,708)
Adjusted for:				
Other income (Note 13)		**(6,612,734)**		(2,846,345)
Share-based payments (Note 11d)		**7,494,583**		3,017,455
Deferred tax expense (Note 14)		**4,917,366**		-
Changes in working capital items				
Accounts payable and accrued liabilities		**466,780**		146,759
Prepaid expenses		**(33,118)**		(113,330)
Receivables		**(536,915)**		(359,369)
Net cash used in operating activities	**$**	**(3,306,498)**	$	(2,598,538)
Expenditures on exploration and evaluation assets		**(22,287,387)**		(12,527,663)
Recoveries on exploration and evaluation assets (Note 8)		**50,000**		50,000
Distribution of cash pursuant to the Arrangement (Note 2)		**(500,000)**		-
Investment in long-term investments		**(57,500)**		-
Net cash used in investing activities	**$**	**(22,794,887)**	$	(12,477,663)
Proceeds from the private placement (Note 11b)		**33,004,200**		27,600,000
Proceeds from options exercised (Note 11b)		**1,518,441**		708,625
Proceeds from warrants exercised (Note 11b)		**4,654,196**		4,024,184
Share issue costs (Note 11b)		**(2,212,174)**		(2,022,824)
Proceeds from warrants exercised allocated to Royalties Corp.		**(22,990)**		-
Net cash provided by financing activities	**$**	**36,941,673**	$	30,309,985
Increase in cash		**10,840,288**		15,233,784
Cash, beginning of year		**28,515,877**		13,282,093
Cash, end of year	**$**	**39,356,165**	$	28,515,877

Supplemental disclosure with respect to the consolidated statement of cash flows (Note 16)

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

1. Nature of operations

Great Bear Resources Ltd. (the "Company" or "Great Bear") is a Canadian publicly traded mineral exploration company headquartered in Vancouver, BC, that is listed on the TSX Venture Exchange ("TSX-V") under the symbol "GBR". The Company's registered office and its principal place of business is located at 1020 - 800 West Pender Street, Vancouver, BC, Canada V6C 2V6. The Company is focused in the prolific Red Lake District in Northwestern Ontario, where the Company controls over 300 km^2 of highly prospective tenure across 5 projects: the wholly owned, flagship Dixie Project, the Pakwash Property, the Dedee Property, the Sobel Property and the Red Lake North Property. The Company has also optioned out several properties located in Ontario and British Columbia (Note 8).

The Company is in the process of exploring its resource properties and has not yet determined whether the resource properties contain reserves that are economically recoverable. The business of mining and exploring for resources involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts capitalized for the resource properties and related deferred exploration costs are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof. Changes in future conditions could require material write-downs of the carrying values of resource properties.

On March 11, 2020, the World Health Organization declared the coronavirus disease ("COVID-19") a global pandemic. During the remainder of March 2020 and through to December 31, 2020, governments worldwide, including the Canadian federal and provincial governments, enacted emergency measures to combat the spread of the virus, which have included, among others, the temporary closure of non-essential businesses (in most jurisdictions), restrictions on business operations, bans on public gatherings over certain sizes and travel advisories to avoid non-essential travel. In March 2020, to address the COVID-19 pandemic, the Company reduced the drill count from five to three drill rigs at the Dixie Project and implemented a series of risk mitigation protocols designed to protect staff and local communities. Since July 2020, the Company has returned to operating with five drill rigs, accelerating the drill program at the Dixie Project, and allowed ongoing exploration of high-priority targets across the property. All other risk mitigation protocols relating to the COVID-19 pandemic remain in place. The Company continues to monitor the situation closely, including any potential impact on its operations. At this time, it is unknown the full extent to which COVID-19 may impact Great Bear's business and operations as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence, including new information which may emerge concerning the severity of and the actions required to contain COVID-19 or remedy its impact.

2. Plan of Arrangement

On January 31, 2020, the Company incorporated a wholly owned subsidiary, Great Bear Royalties Corp. ("Royalties Corp"). On May 5, 2020, the Company completed a share capital reorganization by way of statutory plan of arrangement (the "Arrangement") whereby all common shares Royalties Corp held by the Company were distributed to shareholders of Great Bear, as a return of capital.

Prior to the Arrangement, the Company transferred to Royalties Corp:

- $500,000 in cash;
- Equity instruments with fair value of $954,538; and
- A two percent (2%) net smelter return ("NSR") royalty agreement on all potential future mineral production at the Dixie Property

Upon completion of the Arrangement, Great Bear shareholders were issued 12,008,113 common shares in Royalties Corp, proportionate to their holdings of Great Bear.

Upon completion of the Arrangement, Great Bear share option holders were issued 1,091,875 share options in Royalties Corp.

Under the Arrangement, Great Bear warrant holders received, upon exercise of any Great Bear warrant (the "GBR Warrants"), for the original exercise price, one common share of Great Bear and one-fourth of a Royalties Corp. share. In return, the Company remitted to Royalties Corp its proportionate share of the proceeds from the warrants exercised. During the year ended December 31, 2020, all GBR Warrants have been exercised.

Under International Financial Reporting Standards ("IFRS"), the Arrangement is considered to be a transaction between parties under common control and accordingly the value of the NSR has been recorded for accounting purposes at its historical carrying cost of nil. Royalties Corp had no assets, liabilities, profit or loss, or cash flow prior to the Arrangement. As such, the Company has not disclosed separately the impact of the discontinued operations of Royalties Corp in these consolidated financial statements.

3. Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and the International Financial Interpretations Committee ("IFRIC").

The consolidated financial statements for the years ended December 31, 2020 and December 31, 2019 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 6, 2021.

4. Significant accounting policies

a) Basis for measurement

These consolidated financial statements have been prepared on a historical cost basis, except for cash and financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below.

b) Basis of consolidation

These consolidated financial statements include the financial statements of Great Bear Resources Ltd., its wholly owned subsidiary Great Bear Resources USA Corp., incorporated in California, USA, and Royalties Corp up to the date of the Arrangement. All intercompany transactions and balances have been eliminated upon consolidation.

c) Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

d) Functional and presentation currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency.

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date of revaluation. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

e) Exploration and evaluation assets

Mineral property acquisition costs and related exploration costs, including option payments, are capitalized on an individual area of interest basis until the properties are brought into production, at which time they will be amortized on a unit-of-production basis, or until the properties are abandoned, sold or management determines that the mineral property is not economically viable, at which time the unrecoverable deferred costs are written off. Option payments arising on the acquisition of mineral property interests exercisable at the discretion of the Company are recognized as paid or payable.

Mineral property acquisition costs include cash consideration and the estimated fair value of common shares or warrants on the date of issue as provided under the agreed terms of acquisition for the mineral property interest.

Capitalized exploration and evaluation costs are those directly attributable costs related to the search for, and evaluation of, mineral resources, that are incurred after the Company has obtained the legal rights to explore a specific area and before the technical feasibility and commercial viability of a mineral reserve are demonstrable. Any costs incurred prior to obtaining the right to explore a mineral property are expensed as incurred as project evaluation expense in the statement of comprehensive loss.

Management reviews the carrying value of capitalized exploration and evaluation assets each reporting period for indications of impairment. Exploration and evaluation assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where information is available, and conditions suggest impairment, the fair value of the mineral property is determined using the estimated net cash flows for the mineral property taking into account proven and probable reserves and resources, estimated future prices and operating, capital and reclamation costs. In the case of undeveloped projects, there may be only inferred or indicated resources to form a basis for the impairment review. In such cases, the impairment review is based on the exploration and evaluation results to-date and a status report regarding the Company's intentions for development of the mineral property.

Recovery of the resulting carrying value of exploration and evaluation assets depends on the successful development or sale of the undeveloped project. If a project does not prove viable, all non-recoverable costs associated with the project are written off.

Once an economically viable reserve has been determined for a property and the decision to proceed with development has been approved, acquisition, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property and equipment.

The amount presented, if any, for exploration and evaluation assets represents costs incurred to date and does not necessarily reflect present or future values.

f) Financial instruments

Financial assets and financial liabilities are recognized in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred. Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cashflows, and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model who objective is achieved by both collection contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Classification of financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using effective interest method.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash	Fair value through profit and loss
Investments in equity instruments	Fair value through other comprehensive income
Receivables	Amortized cost
Long-term investments	Fair value through profit and loss
Accounts payable and accrued liabilities	Amortized cost

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

g) Impairment of non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The 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 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

h) Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense or capitalized to exploration and evaluation assets, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment arrangements in which the Company receives property or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions. If the fair value of the property or service received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the property or service.

i) Share capital

- The proceeds from the exercise of stock options, common share purchase warrants and purchase of common shares are recorded as share capital in the amount for which the option, warrant or share enabled the holder to purchase a common share in the Company.

- Share capital issued for non-monetary consideration is recorded at an amount based on fair value of these common shares or the consideration received, whichever is more reliably estimated.

- The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis using relative fair values of common shares and warrants. The fair value of common share purchase warrants is determined using the Black- Scholes option pricing model.

- The Company may, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into: i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes as other income.

All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

j) Site restoration

The Company will record a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or contractually required to remediate. The provision for closure and reclamation liabilities is estimated using expected cash flows based on engineering and environmental reports and accreted to full value over time through periodic charges to income. The Company does not have any material provisions for environmental rehabilitation as of December 31, 2020.

k) Income taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income ("OCI").

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

l) Loss per share

Loss per share calculations are based on the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated using the treasury stock method, whereby the proceeds from the exercise of potentially dilutive common shares with exercise prices that are below the average market price of the underlying shares are assumed to be used in purchasing the Company's common shares at their average market price for the period. For the years presented, this calculation proved to be anti-dilutive.

m) Recent accounting pronouncements

There are no recent accounting pronouncements that are applicable to the Company.

(Expressed in Canadian Dollars)

5. Critical judgements and significant estimates in applying accounting policies

Judgements, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies are as follows:

a) Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of the mineral property interests themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its mineral property interests or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

b) Deferred income taxes

The measurement of the deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of deferred taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company's deferred tax assets and tax provisions could be affected.

c) Share-based payments

Numerous assumptions are made when accounting for share-based payments, including expected volatility, expected life and dividend yield. Changes to these assumptions may alter the resulting accounting and ultimately the amount charged to profit or loss.

6. Investment in equity instruments

Investments in equity instruments consists of common shares of publicly traded companies and therefore, have no fixed maturity date or coupon rate. The fair value of the listed investments has been determined directly by reference to published price quotations in an active market. During the year ended December 31, 2020, the fair value of these investments decreased by $172,127, which is recorded in other comprehensive loss with a corresponding deferred tax recovery of $23,238 (Note 14).

At December 31, 2018	$	258,012
Additions		698,180
Change in the fair value of equity instruments		252,374
At December 31, 2019	$	1,208,566
Additions (Note 8, 16)		637,199
Distributed as part of the Arrangement (Note 2)		(954,538)
Change in the fair value of equity instruments		(172,127)
At December 31, 2020	**$**	**719,100**

(Expressed in Canadian Dollars)

7. Receivables

	Dec 31, 2020	Dec 31, 2019
GST receivables	**$ 871,128**	$ 525,412
Other receivables (Note 15)	**199,222**	8,023
	$ 1,070,350	$ 533,435

8. Exploration and evaluation assets

	Dixie Project	**DPS Property**	**Red Lake North Property**	**West Madsen Property**	**Other Properties**	**Total**
Balance, December 31, 2018	$ 4,339,661	$ -	$ -	$ 203,140	$ 402,147	$ 4,944,948
Additions:						
Acquisition		381,880	-	30,000	-	411,880
Exploration:						
Assays	1,698,273	-	-	-	-	1,698,273
Drilling	7,592,042	-		-		7,592,042
Geological services	2,885,098	36,750	-	-	-	2,921,848
Share-based payments	911,859	-	-	-	-	911,859
Supplies, equipment, travel, permitting, freight and shipping	1,014,621	1,000	-	-	-	1,015,621
Less Recoveries:						
Option payments	-	-	-	(142,500)	(325,885)	(468,385)
Balance, Dec 31, 2019	**$18,441,554**	**$ 419,630**	**$ -**	**$ 90,640**	**$ 76,262**	**$19,028,086**
Additions:						
Acquisition	**-**	30,000	20,000	36,000	-	86,000
Shares issued pursuant to option agreement (c)	-	-	170,000	-	-	170,000
Exploration:			-			
Assays	3,450,788	-	-	-	-	3,450,788
Drilling	11,587,707	-	-	-	-	11,587,707
Geological services	5,693,953	-	-	-	-	5,693,953
Share-based payments	1,428,130	-	-	-	-	1,428,130
Supplies, equipment, travel, permitting, freight and shipping	2,092,685	44,317	-	-	-	2,137,002
Surveying	-	206,974		-	-	206,974
Cash payments made pursuant to Exploration Agreement (a)	446,924	-	-	-	-	446,924
Shares issued pursuant to Exploration Agreement (a)	1,009,000	-	-	-	-	1,009,000
Less Recoveries:			-			
Option payments	-	-		(90,640)	(76,262)	(166,902)
Balance, Dec 31, 2020	**$44,150,741**	**$ 700,921**	**$ 190,000**	**$ 36,000**	**$ -**	**$45,077,662**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

a) First Nations Agreement

On April 28, 2020, the Company entered into an Exploration Agreement (the "Exploration Agreement") with Wabauskang First Nation ("WFN") and Lac Seul First Nation ("LSFN") in relation to Great Bear's exploration activities on its mining properties within the WFN and LSFN traditional territories. During the year ended December

(Expressed in Canadian Dollars)

31, 2020, the Company issued an aggregate of 100,000 common shares with a fair value of $1,009,000 (Note 11b) and paid $446,924 to LSFN and WFN, which were divided equally between LSFN and WFN.

b) Dedee Property, Pakwash Property, Sobel Property ("DPS Property")

On March 1, 2019, the Company entered into an option agreement to acquire 100% the DPS Property in Ontario ("DPS Option Agreement"), pursuant to the following terms:

	Share issuance		Cash payments
Issued upon execution of agreement	70,000	$	26,000
March 1, 2020	-		30,000
March 1, 2021	-		44,000
March 1, 2022	-		51,000
March 1, 2023	-		44,000
	70,000	**$**	**195,000**

During the year ended December 31, 2020, $30,000 was paid pursuant to the DPS Option Agreement (2019: $26,000). The schedule of option payments for all of the optioned properties can be accelerated at any time at the Company's discretion in order to achieve full ownership at an earlier date. The options may also be terminated at any time subsequent to the initial cash and share payment.

c) Red Lake North Property

On October 16, 2020, the Company entered into an agreement with 1544230 Ontario Inc. ("Ont. Inc.") and Gravel Ridge Resources Ltd. ("Gravel Ridge") to acquire an undivided 100% interest in the Red Lake North property in Ontario ("RLN Option Agreement"). In order to earn 100% interest in Red Lake North, the Company must issue the following to Ont. Inc. and Gravel Ridge:

	Share issuance		Cash payments
Issued upon execution of agreement	10,000	$	20,000
October 16, 2021	-		25,000
October 16, 2022	-		30,000
October 16, 2023	-		50,000
	10,000	**$**	**125,000**

During the year ended December 31, 2020, 10,000 shares with a fair value of $170,000 were issued (Note 11b) and $20,000 was paid pursuant to the RLN Option Agreement. The schedule of optional payments for all of the optioned properties can be accelerated at any time at the Company's discretion in order to achieve full ownership at an earlier date. The options may also be terminated at any time subsequent to the initial cash and share payment.

d) West Madsen Property

On December 29, 2016, the Company entered into an agreement to acquire 100% of the West Madsen Property in Ontario ("West Madsen Option Agreement"). During the year ended December 31, 2020, $36,000 (2019: $30,000) was paid pursuant to the West Madsen Option Agreement.

(Expressed in Canadian Dollars)

On May 22, 2019, the Company optioned the West Madsen Property to GoldON Resources Ltd. ("GoldON"), whereby GoldON has the right to acquire 100% interest in the West Madsen Property ("GoldON Option Agreement"). In order to earn a 100% in the West Madsen Property, GoldON must issue to the Company:

	Share issuance	Cash payments		Expenditures	
Issued upon execution of agreement	250,000	$	50,000	$	-
May 22, 2020	250,000		50,000		100,000
May 22, 2021	375,000		75,000		250,000
May 22, 2022	-		-		400,000
May 22, 2023	500,000	-OR-	500,000		750,000
	1,375,000	**$**	**675,000**	**$**	**1,500,000**

During the year ended December 31, 2020, GoldON paid the Company $50,000 (2019: $50,000) which was recorded as a recovery of exploration and evaluation assets and issued 250,000 shares with a value of $170,000 (Note 6) pursuant to the terms of the GoldON Option Agreement, of which $40,640 is recorded as a recovery of exploration and evaluation assets and the remaining $129,360 is recorded as other income (Note 13). During the year ended December 31, 2019, GoldON issued 250,000 shares with a value of $92,500 pursuant to the terms of the GoldON Option Agreement, which was recorded as a recovery of exploration and evaluation assets.

e) Other Properties

The Company and Mountain Boy Mineral Ltd. ("Mountain Boy") jointly owned and operated the BA Property and Surprise Creek Property in British Columbia. Pursuant to option and joint venture agreements, the Surprise Creek Property is subject to a 1% NSR, which may be purchased by the Company. On June 1, 2017, the Company entered into an Agreement to grant Mountain Boy the right to acquire the Company's 50% interest in the BA Property and Surprise Creek Property ("Mountain Boy Option Agreement"), pursuant to the following terms:

	Share issuance	Cash payments	
2017	500,000	$	300,000
2018	500,000		300,000
2019	500,000		350,000
2020	500,000		350,000
	2,000,000	**$**	**1,300,000**

During the year ended December 31, 2020, the Company received 500,000 Mountain Boy shares valued at $120,000 (Note 6), $60,000 of which is recorded as a recovery of exploration and evaluation assets and the remaining $60,000 of which is recorded as other income (Note 13). During the year ended December 31, 2020, the Company accepted 620,000 Mountain Boy shares valued at $347,200 (Note 6) in lieu of the final cash payment, of which $16,262 is recorded as a recovery of exploration and evaluation assets and the remaining $330,938 is recoded as other income (Note 13).

During the year ended December 31, 2019, the Company received 500,000 Mountain Boy shares valued at $95,000, $47,500 of which is recorded as a recovery of exploration and evaluation assets and the remaining $47,500 of which is recorded as other income (Note 13). During the year ended December 31, 2019, the Company also received 748,000 shares of Ascot Resources Ltd. ("Ascot") in lieu of cash payments pursuant to the Mountain Boy Option Agreement. These Ascot shares were valued at $510,680, of which $278,385 was recorded as a recovery of exploration and evaluation assets and the remaining $232,295 was recorded as other income (Note 13).

As at December 31, 2020, all required common share issuances and cash payments under the Mountain Boy Option Agreement have been made to the Company, and Mountain Boy has completed the earn-in for the Company's 50% interest in the BA and Surprise Creek Property.

(Expressed in Canadian Dollars)

9. Accounts payable and accrued liabilities

		Dec 31, 2020		Dec 31, 2019
Accounts payable (Note 15)	**$**	**2,078,678**	$	1,117,366
Accrued liabilities (Note 15)		**852,032**		304,147
	$	**2,930,710**	$	1,421,513

During the year ended December 31, 2020, $279,545 of payables were written off and recorded in other income due to the related contractual obligations having expired (Note 13).

10. Flow-through premium liability

At December 31, 2018	$	813,400
Liability arising from issuance of flow-through shares		6,520,000
Settlement of liability due to qualified expenditures incurred		(2,566,551)
At December 31, 2019	$	4,766,849
Liability arising from issuance of flow-through shares (Note 11b)		8,764,776
Recoveries on flow-through premium liabilities (Note 13)		(5,812,891)
Balance at December 31, 2020	**$**	**7,718,734**

Flow-through share premium liabilities include the liability portion of the flow-through shares issued. During the year ended December 31, 2019, the Company incurred $10,852,142 of eligible flow-through expenditures, representing 100% of the flow-through share issuance in November 2018 and 75% of the flow-through share issuance in July 2019. The Company incurred $118,498 in Part XII.6 tax on unspent amounts raised in July 2019 and November 2019 private placement in the year ended December 31, 2020 (2019 - $3,045), which has been accounted for under finance income (Note 12).

On June 2, 2020, the Company completed a “bought deal” private placement financing (the “Offering”) and recorded premiums of $8,764,776 in connection with flow-through share issuance (2019 - $6,520,000) (Note 11b). During the year ended December 31, 2020, the Company incurred $22,526,989 of eligible flow-through expenditures, representing the remaining 25% of the flow-through share issuance in July 2019, 100% of the flow-through issuance in November 2019 and 12% of the flow-through share issuance from the Offering. As at December 31, 2020, the Company had spent all of the flow-through monies raised in the July 2019 and November 2019 private placements (Note 11b).

During the year ended December 31, 2020, a reduction in the flow-through liability of $5,812,891 was recoded in other income (2019 - $2,566,551) (Note 13). The Company is committed to spending prior to December 31, 2021, remaining qualifying expenditures of $21,906,824 relating to the Offering (Note 17).

11. Share capital

a) Authorized

Share capital consists of an unlimited number of voting common shares without par value.

b) Issued

<u>Year ended December 31, 2020</u>

On June 2, 2020, Great Bear completed the Offering. Upon closing of the Offering, the Company issued 1,470,600 flow-through shares at a price of $17.00 per flow-through common share, and 725,000 common shares of the Company at a price of $11.04 per common share for aggregate gross proceeds of $33,004,200. A premium of $5.96 per share was recorded for the flow-through shares. The Company incurred transaction costs of $2,212,174 in relation with the Offering which have been presented as a reduction of equity on the consolidation statement of equity with a corresponding deferred tax recovery of $1,634,281 (Note 14). A flow-through liability of $8,764,776 was recorded in connection with the flow-through offering (Note 10).

(Expressed in Canadian Dollars)

Common shares	Flow-through premium liability	Share issue costs	**Gross proceeds**
$24,239,424	$8,764,776	$2,212,174	**$33,004,200**

During the year ended December 31, 2020, 110,000 shares of the Company were issued with a fair value $1,179,000 for mineral properties pursuant to option agreements and the Exploration Agreement (Note 8).

During the year ended December 31, 2020, 678,900 common shares were issued upon exercise of share options for gross proceeds of $1,518,441 (Note 11d) and 3,161,445 common shares were issued upon exercise of warrants for gross proceeds of $4,654,196 (Note 11c).

Year ended December 31, 2019

On July 3, 2019, Great Bear closed a “bought deal” private placement financing. Upon closing of the private placement, the Company issued 2,000,000 flow-through common shares at a price of $5.45 per flow-through common share, for aggregate gross proceeds of $10,900,000. A premium of $1.17 per share was recorded for the flow-through shares. The Company incurred transaction costs of $809,270 in relation with the private placement which have been presented as a reduction of equity on the consolidation statement of equity. A flow-through liability of $2,340,000 was recorded in connection with the flow-through offering (Note 10).

Common shares	Flow-through premium liability	Share issue costs	**Gross proceeds**
$8,560,000	$2,340,000	$809,270	**$10,900,000**

On November 28, 2019, Great Bear closed a “bought deal” private placement financing. Upon closing of the private placement, the Company issued 2,000,000 flow-through common shares at a price of $8.35 per flow-through common share, for aggregate gross proceeds of $16,700,000. A premium of $2.09 per share was recorded for the flow-through shares. The Company incurred transaction costs of $1,213,554 in relation with the private placement which have been presented as a reduction of equity on the consolidation statement of equity. A flow-through liability of $4,180,000 was recorded in connection with the flow-through offering (Note 10).

Common shares	Flow-through premium liability	Share issue costs	**Gross proceeds**
$12,520,000	$4,180,000	$1,213,554	**$16,700,000**

During the year ended December 31, 2019, 108,500 shares of the Company were issued with a fair value of $355,880 for mineral properties pursuant to option agreements (Note 8).

During the year ended December 31, 2019, 5,031,802 common shares were issued upon warrant exercise for a total of $4,024,184 (Note 11c) and 576,500 shares were issued upon option exercise for gross proceeds of $708,625 (Note 11d).

c) Share purchase warrants

	Warrants outstanding	**Weighted average exercise price**
At December 31, 2018	8,152,492	$ 1.05
Granted	142,117	1.75
Exercised	(5,031,802)	0.80
Expired	(101,362)	0.83
At December 31, 2019	3,161,445	$ 1.47
Exercised	(3,161,445)	1.47
At December 31, 2020	**-**	**$ -**

(Expressed in Canadian Dollars)

As at December 31, 2020, there were no outstanding and exercisable warrants.

d) Share options

The Company has adopted an incentive share option plan (the "Option Plan") dated September 30, 2010 which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors.

Year ended December 31, 2020

On January 31, 2020, the Company granted 710,000 share options to directors, officers, employees, and other consultants that can be exercised at a price of $8.61 over a period of five years which vested immediately.

On June 24, 2020, the Company granted 150,000 share options to a director of the Company that can be exercised at a price of $16.28 over a period of five years which vested immediately.

On October 2, 2020, the Company granted 150,000 share options to an employee and a consultant of the Company that can be exercised at a price of $14.77 over a period of five years which vest on October 2, 2021.

On December 15, 2020, the Company granted 150,000 share options to director of the Company that can be exercised at a price of $16.69 over a period of five years which vested immediately.

During the year ended December 31, 2020, share-based payments totaled $8,922,713, of which $1,428,130 was capitalized to exploration and evaluation assets and $7,494,583 was expensed in the period.

Year ended December 31, 2019

On February 21, 2019, the Company granted 475,000 share options to directors, officers, employees, and other consultants that can be exercised at a price of $3.69 over a period of five years which vested immediately.

On July 24, 2019, the Company granted 400,000 share options to directors, officers, employees, and other consultants that can be exercised at a price of $5.27 over a period of five years which vested immediately.

On October 10, 2019, the Company granted 35,000 share options to consultants of the Company that can be exercised at a price of $7.63 over a period of five years which vested immediately.

On November 18, 2019 the Company granted 125,000 share options to an officer of the Company that can be exercised at a price of $6.52 over a period of five years, 62,500 of which vested on March 18, 2020 and 62,500 of which vested on November 18, 2020.

During the year ended December 31, 2019, share-based payments totaled $3,929,314, of which $911,859 was capitalized to exploration and evaluation assets and $3,017,455 was expensed in the period.

The following weighted average assumptions were used for Black-Scholes valuation of the share options granted during the year ended December 31, 2020 and December 31, 2019:

	December 31, 2020	**December 31, 2019**
Expected dividend yield	0.00%	0.00%
Weighted average risk-free interest rate	0.35-1.29%	1.36-1.81%
Weighted average expected life	5 years	5 years
Weighted average expected volatility	77-100%	143-163%

(Expressed in Canadian Dollars)

A summary of the changes in share-options is presented below:

	Share options outstanding	Weighted average exercise price
At December 31, 2018	3,349,000	$ 0.91
Granted	1,060,000	4.79
Exercised	(576,500)	(1.23)
At December 31, 2019	3,832,500	$ 1.93
Granted	1,160,000	11.44
Exercised	(678,900)	(2.24)
Cancelled	(15,000)	(3.69)
At December 31, 2020	**4,298,600**	**$ 4.44**

As at December 31, 2020, the following stock options were outstanding and exercisable:

Options Outstanding	Options Exercisable	Exercise price	Weighted Average Remaining Life (in years)	Expiry date
655,000	655,000	$ 0.22 *	0.67	September 1, 2021
170,000	170,000	$ 0.35 *	1.78	October 11, 2022
445,000	445,000	$ 0.50 *	2.16	March 1, 2023
268,500	268,500	$ 0.54 *	2.53	July 11, 2023
804,000	804,000	$ 1.83 *	2.72	September 20, 2023
333,600	333,600	$ 3.69 *	3.14	February 21, 2024
347,500	347,500	$ 5.27 *	3.56	July 24, 2024
10,000	10,000	$ 7.63 *	3.78	October 10, 2024
125,000	125,000	$ 6.52 *	3.88	November 18, 2024
690,000	690,000	$ 8.61 *	4.09	January 31, 2025
150,000	150,000	$16.28	4.48	June 23, 2025
150,000	-	$14.77	4.76	October 2, 2025
150,000	150,000	$16.69	4.96	December 15, 2025
4,298,600	**4,148,600**	**$ 4.44**	**2.87**	

* The exercise price of the share options have been revised to reflect that of the replacement share options granted to Great Bear share option holders upon completion of the Arrangement. The change in the fair value of the share options upon replacement was not material to these consolidated financial statements.

Subsequent to December 31, 2020, 130,000 share options with a weighted average exercise price of $2.53 were exercised and 150,000 share options with an exercise price of $13.98 were granted by the Company.

12. Finance income

	Year ended Dec 31, 2020	2019
Interest income	**$ 371,815**	$ 364,735
Part XII.6 tax expense (Note 10)	**(118,498)**	-
	$ 253,317	$ 364,735

13. Other income

	Year ended Dec 31, 2020	2019
Recoveries on flow-through premium liabilities (Note 10)	**$ 5,812,891**	$ 2,566,551
Recoveries on exploration and evaluation assets (Note 8)	**520,298**	279,795
Other (Note 9)	**279,545**	-
	$ 6,612,734	$ 2,846,346

(Expressed in Canadian Dollars)

14. Income taxes

The following table reconciles the expected income tax expense at the Canadian statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the years ended December 31, 2020 and 2019:

				Year ended Dec 31,
		2020		2019
Net loss before tax	**$**	**(4,085,094)**	$	(2,443,708)
Statutory tax rate		**27%**		27%
Expected income tax recovery		**(1,102,975)**		(659,801)
Tax impact of flow-through shares		**4,483,187**		1,436,411
Non-deductible items		**2,024,179**		853,615
Change in deferred tax assets not recognized		**(2,517,548)**		(1,021,527)
Change in estimates		**750,619**		-
Share issuance costs		**(597,287)**		(608,698)
Tax impact of the Arrangement		**243,000**		-
Other		**(23,328)**		-
Total income tax expense	**$**	**3,259,847**		-

The change in the Company's deferred income tax liabilities are as follows:

		Dec 31, 2020		Dec 31, 2019
Beginning balance	**$**	**-**	$	-
Deferred income tax expense recorded in profit and loss		**(4,917,366)**		
Deferred income tax recovery recorded in equity (Note 6, 11b)		**1,657,519**		-
	$	**(3,259,847)**	$	-

The significant components of the Company's deferred income tax assets/(liabilities) are as follows:

		Dec 31, 2020		Dec 31, 2019
Deferred tax assets				
Tax losses not utilized	**$**	**3,637,834**	$	965,540
Share issuance costs		**1,036,059**		-
	$	**4,673,893**	$	965,540
Deferred tax liabilities				
Exploration and evaluation assets		**(7,922,684)**		(947,972)
Investments in equity instruments		**(11,056)**		(17,568)
	$	**(3,259,847)**	$	-

All previously unrecognized deductible temporary differences have been recognized during the year ended December 31, 2020 and the unrecognized deductible temporary differences as at December 31, 2020 and December 31, 2019 are comprised of the following:

		Dec 31, 2020		Dec 31, 2019
Tax losses not utilized	**$**	**-**	$	6,444,269
Share issuance costs		**-**		2,879,982
	$	**-**	$	9,324,251

As at December 31, 2020, the Company had non-capital loss carryforwards of $13,473,458 (2019 - $10,135,284) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in 2040.

(Expressed in Canadian Dollars)

15. Related party transactions

The renumeration of key management which, includes directors and officers, during the period were as follows:

		Year ended Dec 31,		
		2020		2019
Director fees	**$**	**119,331**	$	90,000
Geological fees capitalized to exploration and evaluation assets		**614,169**		225,000
Management and consulting fees		**1,067,417**		582,500
Share-based payments		**6,354,730**		1,514,734
	$	**8,155,647**	$	2,412,234

As at December 31, 2020, $109,283 (2019: $nil) of other receivables related to amounts due from related parties for source deductions on the exercise of share options and $661,496 (2019: $5,750) of accounts payable and accrued liabilities related to amounts due to related parties for salaries and wages owing. These balances are non-interest bearing with no specific terms of repayment and are unsecured.

16. Supplementary cash-flow information

Non-cash transactions are as follows:

		Year ended Dec 31,		
		2020		2019
Finders' warrants	**$**	**-**	$	231,612
Change in exploration expenditures included in accounts payable		**1,321,864**		756,121
Shares issued in respect of exploration and evaluation assets (Note 8)		**1,179,000**		355,880
Equity instruments received for exploration and evaluation assets (Note 6)		**637,199**		698,180
Equity instruments transferred to Royalties Corp pursuant to the Arrangement (Note 2)		**954,538**		-

17. Commitments

The Company is committed to spending certain qualified expenditures arising from the issuance of flow-through shares (Notes 10, 11b). As at December 31, 2020, approximately $21,906,824 of qualified expenditures remain to be incurred in 2021. The Company is also committed to spending certain qualified expenditures arising from the issuance of flow-through shares subsequent to December 31, 2020 (Note 20). The Company believes it has sufficient cash on hand to fund these expenditures.

The Company is committed to certain cash payments, share issuances and exploration expenditures pursuant to option agreements on exploration and evaluation assets as described in Note 8. As at December 31, 2020, the Company was required to make $139,000 in cash payments for the DPS Property, $105,000 for the Red Lake North Property, and $36,000 for the West Madsen Property over the next three years (Note 8).

18. Financial and capital risk management

The Company's financial instruments consist of cash, investments in equity instruments, receivables, and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risk are set out below.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company's accounts payable have contractual maturities of 30 days and are subject to normal trade terms. The Company is considered to be in the exploration and evaluation stage, thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is available on demand for the Company's programs and is not invested in any asset-backed commercial paper. The Company believes it has sufficient cash resources to pay its obligations associated with its financial liabilities as at December 31, 2020.

(Expressed in Canadian Dollars)

b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company maintains its cash with high-credit quality financial institutions, thus limiting its exposure to credit risk on such financial assets.

c) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash, and restricted cash as they are generally held with large financial institutions.

d) Price risk

Investments in equity instruments which are classified as fair value through other comprehensive income and are measured at fair value, are listed on public stock exchanges, including TSX-V and OTC-QB. Recently, the markets have experienced volatility; therefore, sensitivity analysis is performed using 15%. For such investments, a 15% increase in equity prices as at December 31, 2020 would have increased investments in equity instruments by $107,865. An equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

e) Fair value hierarchy

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

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

The fair value of cash and investments in equity instruments is measured based on level 1 of the fair value hierarchy. Investments in equity instruments are measured at their fair value at the end of each reporting period with the remeasurement recorded in other comprehensive income. The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2020 and December 31, 2019:

	Classification	Level	Dec 31, 2020	Dec 31, 2019
Cash	FVTPL	1	$ 39,356,165	$ 28,515,877
Investments in equity instruments	FVOCI	1	$ 719,100	$ 1,208,566
Long-term investments	FVTPL	1	$ 57,500	$ -

There were no transfers between Level 1, 2 and 3 in the year. The fair values of the Company's receivables, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

f) Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. There were no changes in the Company's approach to capital management during the period. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. As at December 31, 2020, the Company is not subject to externally imposed capital requirements.

19. Segmented information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector. The Company's mining exploration operations are centralized whereby the Company's head office is responsible for the exploration results and for providing support in addressing local and regional issues. The Company's resource properties are located in British Columbia and Ontario, Canada. The resource properties are as disclosed in Note 8.

20. Subsequent event

Subsequent to December 31, 2020, the Company completed a "bought deal" private placement financing pursuant to which it issued 3,225,000 flow-through shares at a price of $18.60 per flow-through share, and 784,000 common shares at a price of $12.75 for aggregate gross proceeds of $69,981,000. The Company incurred transaction costs of $4,041,067 in relation with the financing.