MONETA PORCUPINE MINES INC.

Consolidated Financial Statements

For the year ended December 31, 2020

The accompanying consolidated financial statements have been prepared by management and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Other information contained in this document has also been prepared by management and is consistent with the data contained in the consolidated financial statements. A system of internal controls has been developed and is maintained by management to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable.

The Board of Directors approves the financial statements and ensures that management discharges its financial reporting responsibilities. The Board's review is accomplished principally through the audit committee, which is composed of non-executive directors. The audit committee meets periodically with management and the auditors to review financial reporting and control matters.

(signed) Jason R. Macintosh

Jason R. Macintosh
CFO & Corporate Secretary

(signed) Gary V. O'Connor

Gary V. O'Connor
President, Chief Executive Officer & Chief Geologist

March 31, 2021
Toronto, Canada

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Independent Auditor's Report

To the Shareholders of

Moneta Porcupine Mines Inc.

Opinion

We have audited the consolidated financial statements of Moneta Porcupine Mines Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss, comprehensive loss and deficit, changes in shareholders' equity and cash flows for the years ended December 31, 2020 and 2019, 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 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the company incurred a net loss of $4,313,097 during the year ended December 31, 2020 and the Company will have to raise additional funds in order to continue its exploration and development efforts and there can be no assurance that it will be able to do so. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Provision for Legal Claims

Description of the key audit matter

Refer to Significant Accounting Policies (page 9) and Note 9 the Consolidated Financial Statements.

The provision for legal claims is identified as a key audit matter since a legal claim may not be appropriately identified, accounted for, or disclosed in the financial statements as it represents a liability of uncertain timing or amount which requires judgment and estimates to measure the best estimate of the expenditures required to satisfy the obligation at the balance sheet date.

How the key audit matter was addressed in the audit

Our approach focused on the following procedures:

- We reviewed the relevant agreements to assess and calculate the possible provision.
- We consulted with legal counsel including consideration of current and historical precedent of judgments to establish a range of possible outcome.

Other Information

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

- The information, other than the financial statements and our auditors' report thereon, included in the Management's Discussion and Analysis of Results of Operations.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis of Results of Operations and Annual Information Form 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 in this auditor's report. 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 these financial statements in accordance with IFRSs, 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 Entity'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

Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 Entity'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 Entity'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 Entity 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.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Lillian Krascic, CPA, CA.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 31, 2021

MONETA PORCUPINE MINES INC.

Consolidated Statements of Financial Position

As at	Notes	December 31 2020	December 31 2019
		$	$
Current assets			
Cash and equivalents		**5,852,006**	4,715,417
Investments		**56,233**	-
Prepaid expenses		**22,798**	26,256
Receivables		**36,956**	44,567
Sales taxes recoverable		**110,411**	96,757
Interest receivable		**2,235**	7,812
Total current assets		**6,080,639**	4,890,809
Exploration and evaluation assets	**5**	**2,103,733**	2,073,444
Total assets		**8,184,372**	6,964,253
Current liabilities			
Accounts payable and accrued liabilities	**9**	**1,088,362**	735,419
Deferred premium on flow-through shares	**3, 7**	**1,399,836**	1,323,296
Total current liabilities		**2,488,198**	2,058,715
Loan payable	**12**	**60,000**	
Total liabilities		**2,548,198**	2,058,715
Going concern	**1**		
Contingent liabilities	**9**		
Covid 19 impact	**12**		
Subsequent events	**13**		
Shareholders' equity			
Capital stock	**6**	**62,921,151**	58,342,255
Contributed surplus		**8,408,744**	7,943,907
Deficit		**(65,693,721)**	(61,380,624)
Total shareholders' equity		**5,636,174**	4,905,538
Total liabilities and shareholders' equity		**8,184,372**	6,964,253

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

MONETA PORCUPINE MINES INC.

Consolidated Statements of Changes In Shareholders' Equity

	Notes	Capital Stock Shares	Capital Stock $	Contributed Surplus	Deficit	Shareholders' Equity
Balance as at December 31, 2019		**311,535,482**	**58,342,255**	**7,943,907**	**(61,380,624)**	**4,905,538**
Share issuance on private placement financing	**6**	**35,034,148**	**6,304,617**			**6,304,617**
Fair value of broker compensation warrants	**6**		**(117,347)**	**117,347**		**-**
Deferred premium on flow through shares	**3, 6**		**(1,399,836)**			**(1,399,836)**
Share issuance costs - cash	**6**		**(287,715)**			**(287,715)**
Share issuance on exercise of stock options	**6, 8**	**625,000**	**57,000**			**57,000**
Fair value of stock options exercised	**6**		**22,177**	**(22,177)**		**-**
Share based compensation on vested options	**6**			**369,667**		**369,667**
Loss and comprehensive loss					**(4,313,097)**	**(4,313,097)**
Balance as at December 31, 2020		**347,194,630**	**62,921,151**	**8,408,744**	**(65,693,721)**	**5,636,174**
Balance as at December 31, 2018		266,830,482	53,786,011	7,668,118	(58,038,796)	3,415,333
Share issuance on private placement financing	**6**	44,375,000	6,204,546			6,204,546
Fair value of warrants issued on private placement	**6**		(34,869)	34,869		-
Deferred premium on flow through shares	**3, 6**		(1,323,296)			(1,323,296)
Share issuance costs - cash	**6**		(323,824)			(323,824)
Share issuance on exercise of stock options	**6, 8**	200,000	12,000			12,000
Fair value of stock options exercised	**6**		4,787	(4,787)		-
Acquisition of mineral claims and other issuances	**6**	130,000	16,900			16,900
Share based compensation on vested options	**6**			245,707		245,707
Loss and comprehensive loss					(3,341,828)	(3,341,828)
Balance as at December 31, 2019		311,535,482	58,342,255	7,943,907	(61,380,624)	4,905,538

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

MONETA PORCUPINE MINES INC.

Consolidated Statements of Loss, Comprehensive Loss and Deficit

Periods ended December 31,	Notes	2020 $	2019 $
Expenses			
Exploration and evaluation expenditures	5	**4,263,579**	3,198,551
General & administration		**517,800**	205,352
Share based compensation	6, 8	**369,667**	245,707
Wages and benefits	8	**437,457**	207,759
Legal & audit		**240,310**	104,717
		5,828,813	3,962,086
Other items			
Writeoff - exploration and evaluation assets	5	**-**	40,050
Other income		**(103,597)**	(76,560)
Unrealized gain on investments		**(56,233)**	
Interest income		**(32,590)**	(50,415)
Loss before income taxes		**5,636,393**	3,875,161
Deferred taxes	7	**(1,323,296)**	(533,333)
Loss and comprehensive loss		**4,313,097**	3,341,828
Deficit - beginning of year		**61,380,624**	58,038,796
Deficit - end of year		**65,693,721**	61,380,624
Loss (earnings) per share (basic and diluted)		**$0.00**	$0.01
Weighted average outstanding shares		**327,227,304**	283,950,724

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

MONETA PORCUPINE MINES INC.

Consolidated Statements of Cash Flows

Twelve months ended December 31,		2020	2019
		$	$
Operating activities			
Loss and comprehensive loss		(4,313,097)	(3,341,828)
Adjust for non-cash items			
Shared based compensation	6	369,667	245,707
Acquisition of mineral claims and other common share issuances	5	-	16,900
Write off - exploration and evaluation assets	5	-	40,050
Deferred premium on flow-through shares	3, 7	(1,323,296)	(533,333)
Unrealized gain on investments		(56,233)	-
Net change in non-cash working capital balances		355,935	477,171
Cash used in operating activities		(4,967,024)	(3,095,333)
Investing activities			
Exploration and evaluation assets	5	(30,289)	(56,148)
Cash used in investing activities		(30,289)	(56,148)
Financing activities			
Common shares issued on private placement, net of issue costs	6	6,016,902	5,880,722
Common shares issued on exercise of stock options	6, 8	57,000	12,000
Advance of loan payable	12	60,000	
Cash provided from financing activities		6,133,902	5,892,722
Net increase in cash and equivalents		1,136,589	2,741,241
Cash and equivalents, beginning of year		4,715,417	1,974,176
Cash and equivalents, end of year		5,852,006	4,715,417

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

1. Nature of operations and going concern

Nature of operations

Moneta Porcupine Mines Inc. (“Moneta” or the “Company”) is a public company listed on the Toronto Stock Exchange (TSX: ME) (OTC: MPUCF) (XETRA: MOP) and incorporated under the laws of the Province of Ontario on October 14, 1910. Moneta is a mineral resource exploration and development company actively exploring for gold on its land package in the Timmins Camp in Timmins, Ontario (Canada). The Company’s registered office is 65 Third Avenue, Timmins, Ontario, P4N 1C2. Moneta, a former gold producer, is currently an exploration stage company and has no properties in current production and no production revenues at the present time.

Going concern

These consolidated financial statements, including comparatives, have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from December 31, 2020. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. The COVID-19 pandemic continues to negatively impact global financial markets and this may adversely affect the Company’s ability to raise capital for future exploration.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”). The Company operates in one segment defined as the cash generating unit which is Canada. The consolidated financial statements were approved by the Board of Directors of the Company on March 31, 2021.

Basis of Measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value, as set out in the accounting policies in note 3.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3. Significant accounting policies

The principal accounting policies are set out below:

a) Basis of presentation and consolidation

The consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries: Wounded Bull Resources Inc. and 508825 Ontario Ltd. The subsidiaries are inactive with limited operations. The financial statements of subsidiaries are prepared for the same reporting periods as the Company, using consistent accounting policies. All intercompany balances and transactions have been eliminated upon consolidation. The Company’s presentation currency and functional currency is the Canadian Dollar.

b) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in the Statements of Loss and Comprehensive Loss , except for differences arising on the translation of available for sale equity instruments that are recorded in other accumulated comprehensive income.

The Company translates the assets and liabilities of its wholly owned subsidiary, Wounded Bull Resources Inc., at the rate of exchange in effect at the reporting date. Income and expenses are translated at the rate of exchange prevailing at the date of the transaction. All resulting exchange differences are recognized in other comprehensive income and accumulated in a cumulative translation reserve under shareholders' equity.

c) Financial instruments

(i) Financial assets

Classification and measurement

The Company's business model and a financial instrument's contractual cash flows determine its classification and measurement in the financial statements. Upon initial recognition, each financial asset will be classified as follows:

Fair value through profit or loss (FVPL);
Amortized cost; or
Fair value through other comprehensive income (FVOCI).

Financial assets classified as amortized cost arise principally from the provision of goods and services to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment. Cash, receivables, interest receivable, and sales taxes recoverable are classified as amortized cost. Investments are classified as fair value through profit or loss.

At December 31, 2020, the Company does not have any financial assets classified fair value through other comprehensive income.

Impairment

IFRS 9 requires an expected credit loss ("ECL") impairment model for all financial assets measured at amortized cost. The ECL model results in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual impairment.

The ECL model requires the recognition of credit losses based on up to 12 months of expected losses for receivables (Stage 1) and the recognition of lifetime expected losses on receivables that have experienced a significant increase in credit risk since origination (Stage 2), and that is for which there is objective evidence of impairment at the reporting date (Stage 3). As of December 31, 2020, there was no material ECL accrued.

Derecognition of financial assets
Financial assets are derecognized when the contractual rights to receive cash flows from the asset expire.

(ii) Financial liabilities

Classification and measurement
Financial liabilities are classified into one of two categories:

Fair value through profit or loss (FVPL); or
Other financial liabilities.

Other financial liabilities are non-derivative financial liabilities that are not classified as fair value through profit or loss. After initial recognition, such liabilities are measured at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities and loans payable are classified as other financial liabilities.

The Company does not have any financial liabilities classified as fair value through profit or loss.

Determination of fair value
The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. After initial recognition, fair value is determined by management using available market information or other valuation methodologies.

The fair value of cash, receivables, interest receivable, and sales taxes recoverable, accounts payable and accrued liabilities all approximate their carrying amounts due to their short-term maturities. Investments in marketable securities are recorded at fair value.

d) Cash and equivalents
Cash and equivalents include cash in bank and highly liquid investments which are cashable with an original term to maturity of 90 days or less.

e) Exploration and evaluation assets
Acquisition costs related to exploration properties are capitalized as exploration and evaluation assets at fair value at the time of purchase. The acquisition costs are written off when an exploration and evaluation asset is disposed of through sale or abandonment.

Exploration and evaluation expenditures incurred on exploration properties are expensed until such time that a future economic benefit is more likely to be realized than not by the establishment of ore resources. Exploration and evaluation expenditures incurred after the establishment of commercially viable and technically feasible gold resources on a property are to be capitalized as Property, Plant and Equipment. Exploration and evaluation assets are not depreciated until the properties are in commercial production.

f) Impairment of long-lived assets
The Company reviews its long-lived assets within its cash generating units, consisting primarily of exploration and evaluation assets, at each reporting period end, for any indicators of impairment whenever events or changes in circumstances indicate that such carrying value may not be recoverable.

To determine whether a long-lived mining asset may be impaired, the recoverable amount is compared to the carrying value of the individual asset. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down and the impairment loss is recognized in the Statement of Loss (Earnings) and Comprehensive Loss (Earnings). Where it is not possible to estimate the recoverable amount of a specific non-financial asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

A previously recognized impairment loss may be reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount and is recognized in the Statement of Loss and Comprehensive Loss. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

g) Income taxes

Income taxes are recognized in Loss, except where they relate to items recognized in other comprehensive income or directly in capital stock, in which case the related taxes are recognized in Comprehensive Loss or Capital Stock. Deferred income taxes are calculated using the balance sheet liability method for unused tax losses, unused tax credits and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates enacted or substantively enacted at the Statement of Financial Position date. The effect on deferred income tax assets and liabilities resulting from a change in enacted tax rates is included in income in the period in which the change is enacted or substantively enacted.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Share capital

Common shares issued by the Company are classified as capital stock. Incremental costs directly attributable to the issue of new common shares, such as share issue costs, are recognized under capital stock as a deduction from the share proceeds.

i) Flow-through shares

Under Canadian income tax legislation, the Company may issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A temporary non-cash deferred flow through premium 'liability' is recognized on the Statement of Financial Position. The liability is reversed upon renunciation of such qualifying expenditures to the flow through investors and reported as a reduction in deferred tax expense on the Statement of Loss and Comprehensive Loss.

j) Share based payments

Stock options

The fair value of stock options granted to directors, officers, and employees is measured at grant date using the Black-Scholes valuation model using assumptions for risk-free interest rates, dividend yield, volatility factors of the expected market price of the Company's common shares, expected forfeitures and expected life of the options. The fair value of these share-based payments is recognized as a charge to the Statement of Loss and Comprehensive Loss with a corresponding credit to shareholders' equity on the Statement of Financial Position.

The fair value of stock options, subject to a vesting schedule, is recognized using the accelerated method and is measured using Black Scholes and assumptions at the time of vesting. The applicable fair value of any stock options which are exercised are transferred from contributed surplus to capital stock. Management is required to estimate forfeitures and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to management's estimate on forfeitures, if any, is recognized during the period.

Purchase warrants and broker compensation options

Purchase warrants are classified as capital stock and measured at fair value on the date of issue using the Black-Scholes option pricing model. Broker compensation options are classified as issuance costs and a deduction from capital stock and measured at fair value on the date of issue using the Black-Scholes option pricing model. The fair value of the purchase warrants and broker compensation options are not subsequently revalued.

k) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease; whether it contains a right to control the use of an identified asset for a period of time in exchange for consideration. All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less ("short-term leases").

For leases of low value assets or short-term leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Company has one lease for office premises and one lease for residential premises. Both lease contracts have a term that is month-to-month, with cancellation by either party with one to two month's notice. The Company does not have any other lease arrangements.

The Company applies the short-term lease recognition exemption to its short-term leases for both the office and residential premises, resulting in a lease expense of $16,500 (2019 - $10,200).

l) Government grants

Monetary assistance received from the government, based on compliance of certain conditions relating to the operating activities of the entity, are recognized as government grants. Government grants are recognized in the consolidated statement of comprehensive loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. A forgivable loan may be treated as a government grant if there is reasonable assurance that the terms for forgiveness of the loan would be met.

m) Other income recognition

The Company currently has no revenue from active mining operations. Royalty income is recognized in the period in which it is earned in accordance with the terms of the royalty agreement, with collection reasonably assured. Interest revenue is recognized in the period in which it is earned.

n) Other comprehensive loss (earnings)

Other comprehensive loss is the change in net assets that results from transactions and events, not included in loss for the period and other than changes in the shareholders' equity. The Company's comprehensive loss (earnings), components of other comprehensive income, and cumulative translation adjustments on foreign currency gains or losses related to foreign operations, are presented in the Statement of Loss and Comprehensive Loss and the Statement of Changes in Shareholders' Equity.

o) Loss (earnings) per share

Basic loss (earnings) per share is computed by dividing net loss (earnings) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted loss (earnings) per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

p) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. If the Company is virtually certain that some or all of a provision will be reimbursed, for example under an insurance contract, such reimbursement is recognized as a separate asset. Provisions may be discounted using a current pre-tax rate that reflects the risks specific to the liability. The expense relating to any provision is presented in the Statement of Loss and Comprehensive Loss.

Contingent liabilities are not recognized in the financial statements unless estimable and probable and are disclosed in notes to the financial statements unless their occurrence is remote. By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

q) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the President and Chief Executive Officer.

4. Key sources of estimation uncertainty and judgement

In the application of the Company's accounting policies described in note 3, management is required to make estimates and assumptions about future events that affect the reported amounts of assets, 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 year.

Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and other factors considered relevant, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the areas involving estimates made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements.

a) Share based payments

Management measures the fair value of granted stock options using the Black-Scholes option valuation model. The fair value of stock options using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

b) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale of the property, or where exploration activities are not adequately advanced to support a gold resource assessment. The determination is an estimation process that requires varying degrees of uncertainty and these estimates directly impact the deferral of exploration and evaluation expenditures.

c) Impairment of long-lived assets

The carrying amounts of exploration and evaluation assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on a property by property basis. The assessment requires the use of estimates and assumptions such as, but not limited to, long-term commodity prices, future capital requirements, resource estimates, and exploration potential. It is possible that the actual fair value could be significantly different from those assumptions, and changes in these assumptions will affect the recoverable amount of the exploration and evaluation assets.

d) Decommissioning and restoration provision

The Company records the fair value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation, and re-vegetation of affected areas.

The estimated fair value of a liability, and corresponding increase in the related property, is reported in the period in which it is incurred and when a reasonable estimate of fair value can be made. The fair value is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The Company subsequently allocates the cost to expense using a systematic and rational method over its useful life and records the accretion of the liability as a charge to the Statement of Loss, Comprehensive Loss.

As the Company has not commenced construction and development of any mining operations, it does not have any provisions for decommissioning or restoration costs.

e) Contingent liabilities

Contingent liabilities are not recognized in the financial statements unless estimable and probable and are disclosed in notes to the financial statements unless their occurrence is remote. By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

5. Exploration and evaluation assets

Acquisition costs	Year ended December 31, 2020 $	Year ended December 31, 2019 $
Balance, beginning of year	**2,073,444**	2,057,346
Acquisition costs, net	**30,289**	16,098
Balance, end of year	**2,103,733**	2,073,444

Acquisition costs	**December 31, 2019 $**	**Additions / (Disposals) $**	**December 31, 2020 $**
Golden Highway Project	**1,718,832**	**3,182**	**1,722,014**
North Tisdale	**129,890**	**14,443**	**144,333**
Kayorum	**130,134**	**500**	**130,634**
Nighthawk Lake	**19,624**	**-**	**19,624**
Denton Thorneloe and other	**74,964**	**12,164**	**87,128**
	2,073,444	**30,289**	**2,103,733**

Acquisition costs	December 31, 2018 $	Additions $	December 31, 2019 $
Golden Highway Project (1)	1,700,943	17,889	1,718,832
North Tisdale	107,367	22,523	129,890
Kayorum	126,347	3,787	130,134
Nighthawk Lake	15,861	3,763	19,624
Denton Thorneloe and other (2)	106,828	(31,864)	74,964
	2,057,346	16,098	2,073,444

(1) During 2019, the Company issued 80,000 common shares, valued at $0.13 per share, to acquire mineral claims within Garrison Township, adjacent to the flagship Golden Highway Project mineral claims.

(2) During 2019, an amount of $40,050 was written off related to a non-core nickel project as the mineral claims were not renewed resulting in the expiry of the property option and return of the claims to the owner.

There were no property disposals and no indications of impairment of exploration and evaluation assets during the year ended December 31, 2020 (December 31, 2019: $Nil). An amount of $40,050 was written off in 2019 related to a non-core nickel project as the mineral claims were not renewed resulting in the expiry of the property option and return of the claims to the owner. Capitalized acquisition costs were $2,103,733 at December 31, 2020 (December 31, 2019: $2,073,444). Exploration and evaluation expenditures for the year ended December 31, 2020 of $4,259,947 (December 31, 2019: $3,198,551), were charged to the Statement of Loss and Comprehensive Loss.

6. Capital stock

Authorized share capital

The Company is authorized to issue an unlimited number of Class A Preferred shares, Class B Preferred shares, Common shares, and Non-voting shares. Class A Preferred shares are entitled to preference as to the payment of dividends and distribution of the remaining property of the Company on dissolution over Class B Preferred shares, Common shares and

Non-voting shares. Class B Preferred shares are entitled to preference as to the payment of dividends and distribution of the remaining property of the Company on dissolution over Common shares and Non-voting shares. The Non-voting shares shall rank equally with Common shares in all respects except that the holders are not entitled to vote at shareholder meetings.

Capital stock transactions

In July 2020, the Company completed a non-brokered equity financing for $6,304,617 upon the issuance of 35,034,148 common shares comprised of (a) 15,036,486 shares at a price of $0.14 per share and (b) 19,997,662 shares at a price of $0.21 per share, issued on a flow-through basis to be used to incur eligible Canadian exploration expenditures. A non-cash deferred premium on flow-through share's 'liability' of $1,399,836 was reported on the Statement of Financial Position representing the premiums of $0.21 and $0.14 received over the closing price of $0.17 on the shares issued on a flow-through basis. A total of 2,002,192 broker compensation warrants, exercisable at $0.21 and expiring in July 2022, were issued in connection with the financing. The estimated fair value, with a two-year term was $117,347 using the Black Scholes valuation model. The weighted average grant date fair value was $0.06 per broker compensation warrant. The underlying assumptions used in the estimation of the fair values were, as follows: risk free rate: 0.27%, term: 2 years, expected volatility: 75.16%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

In Q1 2020, the non-cash deferred premium on flow-through shares 'liability' of $1,323,296 from the July 2019 and September 2019 financings was transferred from the statement of financial position to a deferred tax credit on the consolidated statements of loss, comprehensive loss and deficit when the flow through expenditures were renounced, in the normal course.

In Q4 2020, 225,000 stock options were exercised by a director and a long-time employee at an average exercise price of $0.10 The initial fair value of $7,865, previously charged to contributed surplus, was transferred to capital stock.

In Q2 2020, 400,000 stock options were exercised by directors at an average exercise price of $0.08. The initial fair value of $14,312, previously charged to contributed surplus, was transferred to capital stock.

In November 2019, 200,000 stock options were exercised by directors at an average exercise price of $0.06. The initial fair value of $4,787, previously charged to contributed surplus, was transferred to capital stock.

In September 2019, the Company completed a non-brokered equity financing for $3,000,000 upon the issuance of 20,170,455 common shares comprised of (a) 4,545,455 shares at a price of $0.11 per share and (b) 15,625,000 shares at a price of $0.16 per share, issued on a flow-through basis to be used to incur eligible Canadian exploration expenditures. A non-cash deferred premium on flow-through shares 'liability' of $781,250 was reported representing the premium of $0.16 received over the closing price of $0.11 on the shares issued on a flow-through basis. There was $133,000 paid in cash finder's fees in conjunction with the financing.

In August 2019, the Company issued 50,000 commons shares, valued at $0.13 per share, upon the execution of the exploration agreement with Wahgoshig First Nations. Also, in August 2019, the Company issued 80,000 common shares, valued at $0.13 per share, to acquire mineral claims adjacent to the flagship Golden Highway Project mineral claims.

In July 2019, the Company completed a non-brokered equity financing for $3,204,546 upon the issuance of 24,204,545 common shares comprised of (a) 6,363,635 shares at a price of $0.11 per share and (b) 9,090,910 shares at a price of $0.16 per share and 8,750,000 shares at a price of $0.12 per share, issued on a flow-through basis to be used to incur eligible Canadian exploration expenditures. A non-cash deferred premium on flow-through shares 'liability' of $542,046 was reported on the Statement of Financial Position representing the premiums of $0.16 and $0.12 received over the closing price of $0.11 on the shares issued on a flow-through basis. There was $165,000 paid in cash finder's fees in conjunction with the financing. A total of 1,452,273 broker compensation warrants, exercisable at $0.16 and expiring in July 2021, were issued in connection with the financing. The estimated fair value was $34,869 using the Black Scholes valuation model with a weighted average grant date fair value was $0.01 per broker compensation warrant. The underlying assumptions used in the estimation of the fair values were, as follows: risk free rate: 1.50%, term: 2 years, expected volatility: 59.6%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

In Q1 2019, the non-cash deferred premium on flow-through shares 'liability' of $533,333 from the June 2018 and December 2018 financings was transferred from the statement of financial position to a deferred tax credit on the consolidated statements of loss, comprehensive loss and deficit when the flow through expenditures were renounced, in the normal course.

Stock options

The Company has established a stock option plan whereby the Board of Directors may grant options to directors, officers, employees, and consultants to acquire common shares of the Company. The maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Options granted have a maximum term of five years and vest immediately or over time at the discretion of the Board.

The following table summarizes the outstanding stock options:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Weighted Average Exercise	**# Options**	Weighted Average Exercise	# Options
Outstanding, beginning of period	**$0.18**	**19,775,000**	$0.20	16,600,000
Transactions during the period:				
Granted [1]	**0.16**	**8,650,000**	0.11	4,275,000
Options exercised [2]	**0.09**	**(625,000)**	0.06	(200,000)
Expired [3]	**0.19**	**(3,875,000)**	0.17	(900,000)
Outstanding, end of period	**$0.18**	**23,925,000**	$0.18	19,775,000
Weighted average remaining contractual life (years)	**1.88**		1.77	
Exercisable, end of period	**$0.18**	**22,268,359**	$0.18	19,306,250

(1) In Q4 2020, the Company granted 5,150,000 stock options to officers, directors and certain employees at an average exercise price of $0.15. The estimated fair value, with terms ranging from two to five years and 1,500,000 vesting evenly over three years on a yearly basis, 2,425,000 two year quarterly vesting period and 1,225,000 vesting immediately, was $167,172 using the Black Scholes valuation model. The weighted average grant date fair value ranged from $0.05 to $0.07 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 0.27% to 0.48%, term: 2-5 years, expected volatility: 64% to 74%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

In Q3 2020, the Company granted 3,000,000 stock options to officers and directors at an average exercise price of $0.18. The estimated fair value, with terms ranging from two to five years and vesting 200,000 one year quarterly vesting period, 400,000 two year quarterly vesting period and 2,400,000 vesting immediately,, was $188,738 using the Black Scholes valuation model. The weighted average grant date fair value ranged from $0.06 to $0.09 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 0.29% to 0.41%, term: 2-5 years, expected volatility: 65% to 74%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

In Q2 2020, the Company granted 500,000 stock options to employees at an average exercise price of $0.10. The estimated fair value, with a three-year term and quarterly vesting period over twenty-four months, was $10,478 using the Black Scholes valuation model. The weighted average grant date fair value was $0.027 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 0.50%, term: 3 years, expected volatility: 59%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

During 2020, 206,250 stock options previously granted were vested with the estimated fair value of $3,279.

In Q4 2019, the Company granted 2,725,000 stock options to directors, officers and employees at an average exercise price of $0.11. The estimated fair value, with a three-year term and immediate vesting, was $127,409 using the Black Scholes valuation model. The weighted average grant date fair value was $0.047 per stock option.

The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 1.50%, term: 3 years, expected volatility: 62.5%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

In Q3 2019, the Company granted 550,000 stock options to directors, officers and employees at an average exercise price of $0.13. The estimated fair value, with a three-year term and two year and immediate vesting periods, was $30,172 using the Black Scholes valuation model. The weighted average grant date fair value was $0.055 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 1.50%, term: 3 years, expected volatility: 62%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

In Q1 2019, the Company granted 1,000,000 stock options to directors, officers and employees at an average exercise price of $0.12. The estimated fair value, with a three-year term and immediate vesting, was $58,033 using the Black Scholes valuation model. The weighted average grant date fair value was $0.058 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 1.50%, term: 3 years, expected volatility: 62.1%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

(2) In Q4 2020, 225,000 stock options were exercised by a director and a long-time employee at an average exercise price of $0.10. The initial fair value of $7,865, previously charged to contributed surplus, was transferred to capital stock.

In Q2 2020, 400,000 stock options were exercised by directors at an average exercise price of $0.08. The initial fair value of $14,312, previously charged to contributed surplus, was transferred to capital stock.

In November 2019, 200,000 stock options were exercised by directors at an average exercise price of $0.06. The initial fair value of $4,787, previously charged to contributed surplus, was transferred to capital stock.

(3) During 2020, 3,875,000 stock options at an average exercise price of $0.19 expired unexercised.

During 2019, 900,000 stock options at an average exercise price of $0.17 expired unexercised.

Warrants

	Exercise Price	Expiry Date	**Year ended December 31, 2020 #**	Year ended December 31, 2019 #
Outstanding, beginning of period				
Broker Warrants	$0.16	July 2021	**1,452,273**	-
			1,452,273	-
Issued during the period				
Broker Warrants [1]	$0.16	July 2021	**-**	1,452,273
Issued during the period				
Broker Warrants [2]	$0.21	July 2022	**2,002,192**	
			2,002,192	1,452,273
Outstanding, end of period			**3,454,465**	1,452,273

(1) In July 2019, 1,452,273 broker compensation warrants, exercisable at $0.16 and expiring in July 2021, were issued in connection with the $3,204,546 equity financing completed in the same period.

(2) In July 2020, 2,002,192 broker compensation warrants, exercisable at $0.21 and expiring in July 2022, were issued in connection with the $6,304,617 equity financing completed in the same period.

7. Income taxes

The Company's effective tax rate, which differs from the combined federal and provincial statutory income tax rates for the year ended December 31, 2020 (26.5%) and 2019 (26.5%), has been reconciled as follows:

	Year ended December 31, 2020 $	Year ended December 31, 2019 $
Income tax recovery at statutory rates	**1,493,644**	1,026,918
Increase (decrease) related to:		
Flow-through expenditures	**(1,129,848)**	(891,829)
Shared based compensation	**(97,962)**	(65,112)
Disposition of exploration and evaluation assets	**-**	(10,613)
Other	**66,046**	46,645
	331,880	106,009
Valuation allowance	**(331,880)**	(106,009)
Deferred premium on flow through shares	**(1,323,296)**	(533,333)
Deferred tax (recovery)	**(1,323,296)**	(533,333)

The Company's deferred tax assets and liabilities are comprised of the following:

	Year ended December 31, 2020 $	Year ended December 31, 2019 $
Deferred tax assets:		
Net operating loss carry forwards	**2,582,000**	2,250,000
Net capital loss carry forwards	**527,000**	527,000
Resource deductions	**3,882,000**	3,894,000
Other	**196,000**	187,000
	7,187,000	6,858,000
Less: Valuation allowance	**(7,187,000)**	(6,858,000)
	-	-

The Company has recorded a valuation allowance as the Company does not consider it more likely than not that the deferred tax assets will be realized in the foreseeable future.

The Company has non-capital losses of $9,743,000 (2019: $8,492,000) available for deduction against future taxable income, the balances of which will expire as follows:

Year of expiry	**Year ended December 31, 2020 $**	Year ended December 31, 2019 $
2026	**307,000**	307,000
2027	**317,000**	317,000
2028	**652,000**	652,000
2029	**618,000**	618,000
2030	**745,000**	745,000
2031	**940,000**	940,000
2032	**1,288,000**	1,289,000
2033	**759,000**	759,000
2034	**576,000**	576,000
2035	**453,000**	453,000
2036	**527,000**	527,000
2037	**438,000**	438,000
2038	**471,000**	471,000
2039	**400,000**	400,000
2040	**1,252,000**	
	9,743,000	8,492,000

The potential tax benefit of the above losses has not been recognized in these financial statements. The Company has $3,977,358 (2019: $3,977,358) in capital losses available to apply against future capital gains.

8. Related party transactions

The Company expensed a salary of $189,904 in 2020 (2019: $200,000) to an officer and director for President, CEO and Chief Geologist services provided to the Company under an ongoing employment agreement. The Company expensed a salary of $382,621 in 2020 (2019: $200,000) to the former officer for President and CFO and director and other services provided to the Company under an ongoing employment agreement. The Company expensed a salary of $37,500 in 2020 (2019: $Nil) to the current officer for CFO and Corporate Secretary services provided to the Company under an ongoing employment agreement.

During the year, a total of 600,000 stock options were exercised by former directors of the Company at an average price of $0.09 for gross proceeds of $54,000.

Director fees expensed during the period amounted to $36,000 (2019: $NIL) of which $27,000 (2019: $NIL) is included in accounts payable and accrued liabilities. There were no loans to directors or officers during the period (2019: $NIL). All related party transactions were completed in the normal course of business.

During the year, 7,650,000 (2019: 1,525,000) stock options were issued to officers and directors exercisable between $0.15 and $0.18 (2019: $0.11) at a grant date fair value of $335,596 in lieu of cash director fees. During 2019, a total of 200,000 stock options were exercised at $0.06 for gross proceeds of $12,000 by directors of the Company.

9. Contingent liabilities

Civil lawsuits

Two parties that own the surface rights and previously occupied and now condemned buildings, on the historic Moneta Mine site located on the Company's Kayorum project, initiated civil suits in the Ontario Superior Court of Justice in April 2005 against the Company, directors of the Company at that time, and other third parties. The suits are related to the 2004 subsidence of the main stope at the historic Moneta Mine. In 2018, one of the two civil suits was dismissed, without costs, at the request of plaintiff's counsel. The Company believes the one remaining claim has no merit and intends to defend it vigorously. Accordingly, no provision has been made in these financial statements.

A civil lawsuit, initiated by a former employee of Moneta, has commenced an action for wrongful dismissal. On January 4, 2021, Moneta served a Statement of Defense. Pleadings have closed, and a mediation occurred on February 23, 2021. A final settlement was not approved by the Moneta Board of Directors, and Plaintiff's counsel has advised that they will bring a motion for summary judgment to seek enforcement of the proposed settlement. The parties are currently scheduling the motion date.

The motion will likely occur in August 2021. If the settlement is not enforced, the parties will continue with the litigation, and will negotiate a discovery plan to determine the timing of document productions and examinations for discovery. The Company intends to defend it vigorously. Accordingly, a provision has been made in these financial statements which represents the amount owing based on the previous President and Chief Financial Officer's employment agreement. At this time, the potential outcome of the claim could range between $250,000 to $500,000 and any differences from management's best estimate will be accounted for in the period they are determined.

10. Capital management

The Company manages capital, based on its cash and equivalents and ongoing working capital, with an objective of safeguarding the Company's ability to continue as a going concern, maximizing the funds invested into exploration and development activities, exploring and developing gold resources, and considering additional financings which minimize shareholder dilution. There were no changes in the Company's approach to capital management during the year ended December 31, 2020.

As of December 31, 2020, the Company had a net working capital of $4,992,227 (December 31, 2019: $4,155,390), excluding the non-cash deferred premium on flow through share liability of $1,399,836 (December 31, 2019: $1,323,296). The Company held cash in bank on December 31, 2020 of $5,852,006 (December 31, 2019: $4,715,417).

The Company's capital structure reflects a company focused on mineral exploration and financing both internal and external growth opportunities. The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate.

The Company manages capital in proportion to risk and manages the exploration and evaluation assets and capital structure based on economic conditions and prevailing gold commodity pricing and trends. The Company relies on equity financings to maintain adequate liquidity to support its ongoing exploration and development activities and ongoing working capital commitments.

11. Financial instruments and risk management

The Company's financial risk management goals are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's financial position from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through identifying risk appropriately, aligning risk with overall exploration and development strategy, diversifying risk, mitigation through preventive controls, and transferring risk to third parties.

Fair value

The carrying values for primary financial instruments, including cash and equivalents, receivables, sales taxes recoverable, interest receivable, and accounts payable and accrued liabilities approximate fair values due to their short-term maturities. Investments are recorded at fair value. The long term loan payable is carried at the carrying amount as the present value of the principal discounted at an effective interest rate is nominal. The Company's exposure to potential loss from financial instruments relates primarily to its cash and equivalents held with Canadian financial institutions. There have been no major or significant changes that have had an impact on the overall risk assessment of the Company during the period. The objectives and strategy for the exploration and evaluation asset portfolio remains unchanged.

The Company's exploration and development activities expose it to the following financial risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's exposure to credit risk is concentrated in four specific areas: the credit risk on operating balances including sales taxes recoverable, royalty income and other receivables, interest receivable on short term deposits, and cash and equivalents held with Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets. No provision against these credit risk areas has been recognized in these financial statements.

The aggregate gross credit risk exposure at December 31, 2020 was $6,057,841 (December 31, 2019: $4,864,553), and was comprised of $5,852,006 (December 31, 2019: $4,715,417) in cash held with Canadian financial institutions with a "AA-" credit rating, $36,956 (December 31, 2019: $44,567) in receivables, $110,411 (December 31, 2019: $96,757) in sales taxes recoverable, $2,235 (December 31, 2019: $7,812) in interest receivable and $56,233 of marketable securities (December 31, 2019: Nil).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign currency exchange rates, commodity prices, interest rates and liquidity. A discussion of the Company's primary market risk exposures, and how those exposures are currently managed, follows:

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has historically had insignificant operations in United States ("US") dollars. The Company has no US dollar hedging program due to its minimal exposure to financial gain or loss because of foreign exchange movements against the Canadian dollar.

Commodity price risk

Commodity prices, and in particular gold spot prices, fluctuate and are affected by factors outside of the Company's control. This risk is not applicable as the Company is not currently in commercial gold production. The current and expected future spot prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company's ability to raise equity financing for its ongoing working capital requirements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no outstanding interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The purpose of liquidity management is to ensure that there will be sufficient cash to meet all financial commitments and working capital obligations as they become due. To manage cash flow requirements, the Company maintains principally all its assets in cash and equivalents.

The following table lists the Company's contractual obligations s at December 31, 2020:

	Less than 1 year	1-3 years	Over 3 years	Total
Accounts payable and accrued liabilities	$1,088,362	$ -	$ -	$1,088,362
Loan payable	-	60,000	-	60,000
	$1,088,362	$60,000	$ -	$1,148,362

12. COVID-19 impact & loan payable

The Company continues to follow the guidance from relevant authorities regarding the novel COVID-19 pandemic. The safety and health of our employees is paramount and appropriate steps have been taken to ensure the safe physical distancing of employees. The resulting cut-back in activities could potentially result in the delay in the delivery of project initiatives. For the foreseeable future, the Company continues to monitor the situation and take the necessary steps as required.

As of the filing date of these audited financial statements for the year ended December 31, 2020, there were no identified indicators of impairment as a result of COVID-19 and, consequently, no adjustments have been made to these financial statements.

During the fourth quarter of 2020, the Company received a loan in the principal amount of $60,000 under the Canada Emergency Business Account ("CEBA") program launched by the Government of Canada as a COVID-19 relief measure. The CEBA loan is unsecured and non-interest bearing during an initial term ending December 31, 2022 and bearing interest at 5% per annum starting on January 1, 2023. No principal repayment required before December 31, 2022. If the loan remains outstanding after December 31, 2022, only interest payments are required until fNoasdfasdfasdfasdfasdfull principal is due on December 31, 2025. If the outstanding principal, other than the amount of potential debt forgiveness of 33% of the amount borrowed, is repaid by December 31, 2022, the remaining principal amount will be forgiven, provided that no default under the CEBA loan has occurred.

13. Subsequent events

On January 14, 2021 Moneta announced the Company had entered into a definitive share purchase agreement (the "Purchase Agreement") with O3 Mining Inc. ("O3 Mining") pursuant to which Moneta would acquire all of the issued and outstanding shares of Northern Gold Mining Inc., a wholly-owned subsidiary of O3 Mining, that owns 100% of the Golden Bear assets, including the Garrison Gold project ("Garrison") located adjacent to and contiguous with Moneta's Golden Highway project in the Timmins Gold Camp (the "Transaction"). Under the terms of the Purchase Agreement, O3 Mining would receive approximately 150 million common shares of Moneta ("Moneta Shares"). Upon completion of the Transaction, and prior to the financing described below, O3 Mining would own approximately 30% of the outstanding Moneta shares. Concurrent with the Transaction, Moneta would raise approximately $20 million in equity.

On February 4, 2021 Moneta announced that the Company closed its previously announced bought deal private placement ("Bought Deal Offering") for aggregate gross proceeds of $19.6 million. In connection with the Bought Deal Offering, Moneta issued 17,343,700 common shares at $0.32 per share ("Hard Dollar Shares") and 30,435,000 common shares at $0.46 issued on a flow-through basis ("Flow Through Shares") for aggregate gross proceeds of $19,550,084, including 7,968,700 Hard Dollar Shares pursuant to the full exercise of the Underwriters' option. Flow Through Compensation Warrants issued in conjunction with the Bought Deal Offering was 1,826,100 at an exercise price of $0.46. Hard Dollar Compensation Warrants issued in conjunction with the Bought Deal Offering was 1,040,622 at an exercise price of $0.32. Net proceeds from the Bought Deal Offering was $18,282,749.

Concurrent with the Bought Deal Offering, Moneta also closed its non-brokered private placement of subscription receipts at a price of $0.32 per subscription receipt for gross proceeds of $3,000,000 ("Subscription Receipts"). The proceeds from the sale of the Subscription Receipts were deposited into escrow pending satisfaction of certain escrow release conditions, including closing of the previously announced acquisition ("Acquisition") of the Garrison project from O3 Mining. At the time the Acquisition closes, each Subscription Receipt will be exchanged for one common share of Moneta.

On February 11, 2021 Moneta announced that in connection with its previously announced Purchase Agreement with O3 Mining Inc. it had received support in the form of written consent from a majority of holders comprised of more than 51.6% of Moneta's outstanding common shares ("Moneta Shares") to acquire all of the issued and outstanding shares of Northern Gold Mining Inc. Such written consent satisfied the Moneta shareholder approval requirement of the TSX as consideration pursuant to the Transaction exceeded 25% of the total number of currently outstanding Moneta Shares and may materially affect control.

As a result of obtaining written consent, Moneta is not required to hold a special meeting of its shareholders to approve the Transaction, and no information circular will be mailed to shareholders. The Purchase Agreement was amended to give effect to the written consent.

On February 24, 2021 - Moneta announced that the Company had completed the acquisition of all the issued and outstanding shares of Northern Gold Mining Inc., as previously announced on January 14, 2021. Under the terms of the Transaction, O3 Mining was issued 149,507,273 common shares of Moneta and currently owns approximately 27% of the outstanding Moneta shares. The shares are subject to a hold period ending December 31, 2022.

On this same date, the Company satisfied the escrow release conditions under the previously announced $3 million subscription receipt financing concurrently with the closing of the Transaction. As a result, the subscription receipts converted, for no further consideration, into 9,375,000 Moneta shares on closing. Hard Dollar Compensation Warrants issued in conjunction with the Subscription Receipts was 375,000 at an exercise price of $0.46. Net proceeds from the Subscription Receipts was $2,873,650.

In connection with the Transaction, the Board of Directors received a Fairness Opinion from Maxit Capital LP stating that, subject to the assumptions, limitations, and qualifications set out therein, the consideration paid by Moneta pursuant to the purchase agreement with O3 Mining was fair, from a financial point of view, to Moneta. As required under securities law, Moneta will file a Form 51-102F4 Business Acquisition Report (“BAR”) within 75 days of the Transaction closing.

Concurrent with the closing of the Transaction, the composition of the Board of Directors of Moneta changed such that it is now comprised of Mr. Mark NJ Ashcroft, Mr. Rodney Cooper, Mr. Alex Henry, Mr. Gary O’Connor, Mr. Ian C Peres, Mr. Josef Vejvoda, Mr. José Vizquerra and Mr. Blair Zaritsky.

Moneta intends to consolidate its share capital on a 6 for 1 basis (the “Consolidation”), subject to the receipt of all necessary approvals, at its next annual general meeting “AGM”. The Consolidation will require approval by not less than two-thirds (66 2/3%) of the votes cast by the Moneta shareholders present in person, or represented by proxy, at Moneta’s next AGM.