# Group Eleven Resources Corp.

Consolidated Financial Statements

December 31, 2020

Expressed in Canadian Dollars

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Group Eleven Resources Corp.

### *Opinion*

We have audited the accompanying consolidated financial statements of Group Eleven Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 29, 2021

**GROUP ELEVEN RESOURCES CORP.**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars, unless otherwise stated)
As at December 31

| | | 2020 | | 2019 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash | $ | 2,282,719 | $ | 862,018 |
| Prepaid expenses | | 51,653 | | 54,651 |
| Other receivables (Note 3) | | 81,682 | | 79,181 |
| Total Current Assets | | 2,416,054 | | 995,850 |
| Non-Current Assets | | | | |
| Equipment (Note 4) | | 11,061 | | 16,526 |
| Exploration and evaluation assets (Note 5) | | 8,897,821 | | 8,897,821 |
| **Total Assets** | $ | **11,324,936** | $ | **9,910,197** |
| **Liabilities and Equity** | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued liabilities (Note 6,12) | $ | 473,592 | $ | 496,708 |
| Exploration partner advances (Note 5(d)) | | 238,136 | | 435,448 |
| Total Current Liabilities | | 711,728 | | 932,156 |
| Non-Current Liabilities | | | | |
| Government loan payable (Note 7) | | 40,000 | | – |
| Total Non-Current Liabilities | | 40,000 | | – |
| **Total Liabilities** | | **751,728** | | **932,156** |
| **Equity** | | | | |
| Share capital (Note 8) | | 17,367,286 | | 14,307,404 |
| Reserves (Note 8) | | 801,420 | | 620,689 |
| Deficit | | (10,704,910) | | (8,843,534) |
| Total Shareholders' Equity | | 7,463,796 | | 6,084,559 |
| Non-controlling interest (Note 9) | | 3,109,412 | | 2,893,482 |
| **Total Equity** | | **10,573,208** | | **8,978,041** |
| **Total Liabilities and Equity** | $ | **11,324,936** | $ | **9,910,197** |

**Nature and continuance of operations (Note 1)**
**Subsequent event (Note 15)**

**On behalf of the Board:**

| | |
|---|---|
| /s/ Dan MacInnis | /s/ Alessandro Bitelli |
| Chairman | Director |

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

**GROUP ELEVEN RESOURCES CORP.**
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars, unless otherwise stated)
For the years ended December 31

| | 2020 | 2019 |
|---|---|---|
| **Operating expenses** | | |
| Exploration expenditures (Note 5) | $ 867,539 | $ 1,200,629 |
| Salaries and benefits (Note 12) | 577,703 | 814,768 |
| Professional fees (Note 12) | 171,905 | 278,946 |
| General and administrative | 152,577 | 245,219 |
| Management fees (Note 12) | – | 214,818 |
| Share-based payments (Note 8 and 12) | 105,421 | 106,464 |
| Marketing and investor relations | 67,563 | 199,271 |
| Foreign exchange gain | 23,324 | 58,576 |
| Depreciation (Note 4) | 5,465 | 9,363 |
| Interest income | (114) | (162) |
| **Loss and comprehensive loss for the year** | **$ (1,971,383)** | **$ (3,127,892)** |
| **Loss attributable to:** | | |
| Shareholders | $ (1,861,376) | $ (2,848,062) |
| Non-controlling interest (Note 9) | (110,007) | (279,830) |
| | **$ (1,971,383)** | **$ (3,127,892)** |
| **Basic and diluted loss per common share attributable to shareholders** | **$ (0.02)** | **$ (0.05)** |
| **Weighted average number of common shares outstanding** | **91,944,667** | **63,839,869** |

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

**GROUP ELEVEN RESOURCES CORP.**
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars, unless otherwise stated)

| | Share Capital | | | | Total Shareholders' | Non-controlling | Total |
|---|---|---|---|---|---|---|---|
| | **Shares** | **Amount** | **Reserves** | **Deficit** | **Equity** | **Interest** | **Equity** |
| **Balance, December 31, 2018** | **59,777,477** | **$ 13,027,584** | **$ 833,445** | **$ (6,561,119)** | **$ 7,299,910** | **$ 3,173,312** | **$ 10,473,222** |
| Shares issued for private placement | 12,282,265 | 1,137,423 | – | – | 1,137,423 | – | 1,137,423 |
| Warrants issued for private placement | – | – | 336,449 | – | 336,449 | – | 336,449 |
| Shares issued for debt | 499,762 | 27,375 | – | – | 27,375 | – | 27,375 |
| Expiry of warrants | – | 115,022 | (680,669) | 565,647 | – | – | – |
| Share-based payments | – | – | 106,464 | – | 106,464 | – | 106,464 |
| Deferred share units | – | – | 25,000 | – | 25,000 | – | 25,000 |
| Loss for the year | – | – | – | (2,848,062) | (2,848,062) | (279,830) | (3,127,892) |
| **Balance, December 31, 2019** | **72,559,504** | **14,307,404** | **620,689** | **(8,843,534)** | **6,084,559** | **2,893,482** | **8,978,041** |
| Shares issued for private placement | 53,417,948 | 3,103,000 | – | – | 3,103,000 | – | 3,103,000 |
| Share issue costs | – | (23,811) | – | – | (23,811) | – | (23,811) |
| Share issue costs – agents' warrants | – | (19,307) | 19,307 | – | – | – | – |
| Share-based payments | – | – | 105,421 | – | 105,421 | – | 105,421 |
| Deferred share units | – | – | 56,003 | – | 56,003 | – | 56,003 |
| Contributions from Non-controlling interest | – | – | – | – | – | 325,937 | 325,937 |
| Loss for the year | – | – | – | (1,861,376) | (1,861,376) | (110,007) | (1,971,383) |
| **Balance, December 31, 2020** | **125,977,452** | **$ 17,367,286** | **$ 801,420** | **$ (10,704,910)** | **$ 7,463,796** | **$ 3,109,412** | **$ 10,573,208** |

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

**GROUP ELEVEN RESOURCES CORP.**
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars, unless otherwise stated)
For the years ended December 31

| | 2020 | 2019 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss for the year | $ (1,971,383) | $ (3,127,892) |
| Items not affecting cash: | | |
| Depreciation | 5,465 | 9,363 |
| Gain on debt settlement | – | (15,625) |
| Deferred share units | 56,003 | 25,000 |
| Share-based payments | 105,421 | 106,464 |
| Foreign exchange gain | 30,943 | – |
| Changes in non-cash working capital items: | | |
| Prepaid expenses | 2,998 | 30,260 |
| Other receivables | (2,501) | 5,635 |
| Accounts payable and accrued liabilities | (23,116) | (17,428) |
| **Net cash used in operating activities** | (1,796,170) | (2,984,223) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Net proceeds from shares issuances | 3,079,189 | 1,473,872 |
| Government loan payable | 40,000 | – |
| Contributions from non-controlling interest | 97,682 | – |
| Exploration partner advances | – | 435,447 |
| **Net cash provided by financing activities** | 3,216,871 | 1,909,320 |
| **Change in cash** | 1,420,701 | (1,074,903) |
| **Cash, beginning of the year** | 862,018 | 1,936,921 |
| **Cash, end of the year** | $ 2,282,719 | $ 862,018 |
| **Non-cash Transactions:** | | |
| Shares issued for settlement of debt | $ – | $ 27,375 |
| Agents warrants issued for payment of financing fees | 19,307 | – |
| Exploration advances recognized as contributions from non-controlling interest | 228,255 | – |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Group Eleven Resources Corp. (the "Company" or "GERC") was incorporated under the laws of the Province of British Columbia, Canada on November 25, 2016, and its principal business activity is the exploration and evaluation of mineral properties. The Company's corporate office is located at 1050 – 400 Burrard Street, Vancouver, British Columbia. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol ZNG.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses since inception and has no source of recurring revenue. The success of the Company is dependent upon the ability of the Company to obtain necessary financing to continue their exploration and development activities, the confirmation of economically recoverable reserves, and upon establishing future profitable production, or realization of proceeds on disposal. These consolidated financial statements do not give effect to the adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Company be unable to continue as a going concern.

Management recognizes that the Company will need to raise additional funds to maintain its current level of operations 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. Factors that affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global markets and mining and zinc sector in particular. A failure to raise capital when required could cause a deferral or delay in the current exploration projects, loss of currently held mineral properties, have a material adverse effect on the Company's business, financial condition and results of operations. Management estimates that its current working capital and subsequent financing will be sufficient to maintain the Company's operations and activities for the upcoming fiscal year.

Further, the COVID-19 pandemic continues to persist and resurge in many countries since it was declared a global outbreak in March 2020. The pandemic has impeded global economic recovery and created volatilities in commodity prices and financial markets. Uncertainty continues surrounding the pandemic and its extent and duration. While the Company has put in place the necessary health and safety protocols and has been able to continue to operate, the COVID-19 pandemic may restrict movement of people and services in the future, impact the Company's continued operations on its mineral projects and, thereby limit its ability to obtain the required financing to continue as a going concern.

## 2. SIGNIFICANT ACCOUNTING POLICIES

*(a) Basis of Presentation*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

On April 29, 2021, the Board of Directors of the Company approved these consolidated financial statements for the years ended December 31, 2020 and 2019.

*(b) Basis of Consolidation*

These consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, Group Eleven Resources Ltd. ("GERL") and Group Eleven Mining and Exploration Inc. ("GEME"), a 60% interest in Ballinalack Resources Limited, and a 76.56% interest in TILZ Minerals Ltd., all incorporated in Dublin, Ireland. All inter-company transactions and accounts have been eliminated upon consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

*(c) Foreign Currencies*

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiaries is also the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

*(d) Cash*

Cash is comprised of cash on hand and demand deposits.

*(e) Financial Instruments*

The Company applies the requirements of IFRS 9 – Financial Instruments ("IFRS 9") which utilizes a model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. The following is the Company's accounting policy for financial instruments under IFRS 9:

*Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of receivable instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

*Measurement*

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Other receivables, accounts payable and accrued liabilities and exploration partner advances are measured at amortized cost.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Cash is measured at FVTPL.

*Impairment of financial assets at amortized cost*

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

*Derecognition of financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

*(f) Equipment*

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

The major categories of equipment noted below are depreciated over their estimated useful life using the following annual rates and methods:

- Computer hardware – 3 years straight line
- Exploration equipment – 5 years straight line

Depreciation expense of assets used in exploration are recorded to exploration expenditures. Management reviews the estimated useful lives, residual values and depreciation methods at the end of each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

*(g) Exploration and Evaluation Assets*

All costs related to the acquisition of mineral properties are capitalized by property. All exploration and evaluation expenditures are expensed until properties are determined to have economically recoverable resources. These direct expenditures include such costs as materials used, surveying costs, geological studies, drilling costs, payments made to contractors and depreciation of equipment during the exploration phase.

Mineral property acquisition costs for each mineral property are carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped in full through successful exploration and development of the mineral property or alternatively, by sale; or
- Exploration and evaluation activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves; however; active and significant operations in relation to the mineral property are continuing or planned for the future.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged to profit or loss at the time the determination is made.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined and the Company has made a decision to proceed with development, the property is considered to be a mine under development and is classified as "mining assets", within PP&E. Exploration and evaluation acquisition costs accumulated are also tested for impairment before they are transferred to development properties.

*(h) Impairment of Tangible and Intangible Assets*

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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 inflows, 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.

*(i) Share Capital*

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

*(j) Share-based Payment Transactions*

The cost of stock options and other equity-settled share-based payment arrangements are recorded based on the estimated fair value at the grant date and charged to earnings over the vesting period. The Company uses the fair value method for accounting for stock-based awards to employees, defined as persons classified as employees for legal or tax purposes (direct employee) or alternatively a person providing services similar to those performed by a direct employee. Under the fair value method, compensation expenses attributed to the direct award of stock options to employees are measured at fair value on the grant date for each tranche using an option pricing model and are usually recognized over the vesting period of the award. Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured.

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

*(k) Deferred share units*

The Company has established a deferred share plan under which deferred share units ("DSUs") are granted to non-executive directors of the Company as part of long-term incentive compensation. DSUs are classified as equity settled share-based payment transactions as the participants will receive either common shares of the Company or payment of cash, or any combination of the foregoing, as determined by the Company in its sole discretion, following a redemption event. As such, the Company recognizes the expense based on the quoted market price of the Company's common shares at the grant date and a corresponding increase in equity for the eventual redemption when the DSUs are issued.

*(l) Restricted share units*

The Company has established a restricted share plan under which restricted share units ("RSUs") are granted to eligible directors, employees and contractors of the Company. The RSUs are considered equity-settled and are measured using the quoted market price of the Company's common shares at the grant date and recognized as share-based compensation over the vesting period, with a corresponding amount recognized as equity. Upon the exercise of RSUs, the related share-based payment reserve is transferred to share capital.

*(m) Non-controlling Interest*

Non-controlling interest in the Company's less than wholly owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. After the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to each subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

*(n) Income Taxes*

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

*(o) Loss per Share*

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants and convertible loan, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the convertible loans were converted and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, the calculations proved to be anti-dilutive.

*(p) Significant Accounting Estimates and Judgments*

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Critical accounting estimates*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
ii. The inputs used in calculating the fair value for share-based payment expense included in profit or loss and comprehensive loss and statement of shareholders' equity. The share-based payment expense is estimated using the Black-Scholes option-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

*Critical accounting judgments*

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company's principal critical accounting judgment is the determination of functional currency for the parent entity and each of its subsidiaries. Determination of functional currency involves certain judgments to determine the primary economic environment in which each entity operates. This determination is reassessed if there is a change in events and conditions which were used in the determination of the primary economic environment.

(Expressed in Canadian Dollars, unless otherwise stated)

The parent and subsidiary entities have a Canadian dollar functional currency.

## 3. OTHER RECEIVABLES

Other receivables consist of recoverable amounts paid for value added tax and goods and services tax charged to the Company on purchases of goods or services.

## 4. EQUIPMENT

| | Computer Equipment | Computer Software | Exploration Equipment | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance, January 1, 2019 | $ 5,410 | $ 13,190 | $ 25,294 | $ 43,894 |
| Balance, December 31, 2019 | 5,410 | 13,190 | 25,294 | 43,894 |
| **Balance, December 31, 2020** | **$ 5,410** | **$ 13,190** | **$ 25,294** | **$ 43,894** |
| **Accumulated Depreciation** | | | | |
| Balance, January 1, 2019 | $ 3,201 | $ 10,688 | $ 4,116 | $ 18,005 |
| Depreciation | 1,802 | 2,502 | 5,059 | 9,363 |
| Balance, December 31, 2019 | 5,003 | 13,190 | 9,175 | 27,368 |
| Depreciation | 407 | – | 5,058 | 5,465 |
| **Balance, December 31, 2020** | **$ 5,410** | **$ 13,190** | **$ 14,233** | **$ 32,833** |
| **Net Book Value** | | | | |
| Balance, December 31, 2019 | $ 407 | $ – | $ 16,119 | $ 16,526 |
| **Balance, December 31, 2020** | **$ –** | **$ –** | **$ 11,061** | **$ 11,061** |

## 5. EXPLORATION AND EVALUATION ASSETS

All of the Company's exploration and evaluation assets are located in Ireland.

| **Acquisition costs** | Cumulative to December 31, 2018 | Expenditures during the year | Cumulative to December 31, 2019 | Expenditures during the year | Cumulative to December 31, 2020 |
|---|---|---|---|---|---|
| Exploration and evaluation assets acquired | $ 8,897,821 | $ - | $ 8,897,821 | $ – | $ 8,897,821 |
| **Total acquisition costs** | **$ 8,897,821** | **$ -** | **$ 8,897,821** | **$ –** | **$ 8,897,821** |

| **Exploration expenditures** | Cumulative to December 31, 2018 | Expenditures during the year | Cumulative to December 31, 2019 | Expenditures during the year | Cumulative to December 31, 2020 |
|---|---|---|---|---|---|
| Assays | $ 258,330 | $ 32,687 | $ 291,017 | $ 38,331 | $ 329,348 |
| Data compilation | 371,254 | 229,434 | 600,688 | 192,315 | 793,003 |
| Drilling | 511,799 | 450,890 | 962,689 | 398,555 | 1,361,244 |
| Equipment | 240,298 | 94,357 | 334,655 | 49,670 | 384,325 |
| Fieldwork | 252,114 | 15,617 | 267,731 | 5,847 | 273,578 |
| Geology consulting | 95,273 | 56,024 | 151,297 | 34,521 | 185,818 |
| Geophysical surveys | 323,273 | 198,580 | 521,853 | 64,514 | 586,367 |
| Licence fees | 147,968 | 88,815 | 236,783 | 5,355 | 242,138 |
| Sampling supplies | 25,611 | 627 | 26,238 | – | 26,238 |
| Technical supervision | 94,851 | 33,598 | 128,449 | 78,431 | 206,880 |
| **Total exploration expenditures** | **$ 2,320,771** | **$ 1,200,629** | **$ 3,521,400** | **$ 867,539** | **$ 4,388,939** |

a) *Tralee*

Tralee is comprised of two licences obtained on December 18, 2015. These licences are subject to renewal every six years based on the Company achieving certain escalating expenditures, increasing from a minimum of €2,500 per licence up to a maximum of €20,000 ("Minimum Spending

(Expressed in Canadian Dollars, unless otherwise stated)

Requirements"). The Company elected not to incur the Minimum Spending Requirements in 2020 to renew 10 licences at Tralee during 2020 to focus on priority project areas.

b) *PG West*

PG West is comprised of twenty-five licences that were obtained by the Company over various dates. The two Gortdrum related licences were granted on February 12, 2015, eight were granted in September 2016, eleven in November 2016, two were granted in August of 2019, and another two were granted in September of 2020. Each licence expires six years from the date obtained. The licences renew subject to the Company achieving the Minimum Spending Requirements. The Company elected not to incur the Minimum Spending Requirements in 2020 to renew 10 non-core licences to focus on priority project areas.

c) *Silvermines*

Silvermines is comprised of five licences that were obtained by the Company on September 27, 2016 and expire on September 26, 2022. The licences are renewable subject to the Company achieving the Minimum Spending Requirements.

An additional thirteen licences for the Silvermines North section of the property that were granted in 2017 and 2019 – nine on March 27, 2017 and another four on February 28, 2019. The Company elected not to incur the Minimum Spending Requirements in 2020 as part of its continued efforts to focus on priority project areas.

d) *Ballinalack*

The Ballinalack project, originally comprised of six licences located in Counties Westmeath and Longford, north-east Ireland, was acquired on June 30, 2017. The Company has a 60% interest in Ballinalack Resources Ltd. ("BRL"), which owns the Ballinalack project, through GERL, a wholly owned subsidiary. The Company was granted a recent licence (included in the above) for the Ballinalack project on July 2, 2019. The licences remain in good standing and are currently in the process of being renewed.

On July 12, 2019, Shenzhen Zhongjin Lingnan Nonfemet Company Limited ("Nonfemet"), which has a 40% interest in BRL, advanced €298,600 ($435,448) to fund future exploration at Ballinalack. As at December 31, 2020, €146,027 had been converted to equity along with a matching contribution of €219,041 from the Company. As of December 31, 2020, Nonfemet has net advances to BRL to fund future exploration of €152,573 ($238,136). The Company is required to fund the remaining €228,859 to BRL to maintain the current 60% interest or, alternatively, reduce the Company's current interest in BRL or return the remaining excess contribution amount to Nonfemet. Once the Company has made the required advances, BRL intends to issue shares to the Company and Nonfemet to recognize the advances as capital contributions.

e) *Stonepark*

The Stonepark project was acquired on September 8, 2017 and is comprised of six licences, expiring between April 28, 2020 and January 30, 2021, located in Country Limerick, south central Ireland. The licences remain in good standing and are currently in the process of being renewed. The Company has a 76.56% interest in TILZ Minerals Limited, which owns the Stonepark project, through GERL, a wholly owned subsidiary.

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITES

| **December 31** | **2020** | **2019** |
|---|---|---|
| Accounts payable | $ 356,021 | $ 387,874 |
| Accrued liabilities | 117,571 | 108,834 |
| **Accounts payable and accrued liabilities** | **$ 473,592** | **$ 496,708** |

## 7. GOVERNMENT LOAN PAYABLE

In May 2020, the Company applied and received from the federal government of Canada a loan of $40,000 under the Canada Emergency Business Account ("CEBA") program. If the loan is fully repaid by December 31, 2022, $10,000 of the loan would be forgiven. If the loan is not fully paid back to the federal government by December 31, 2022, the loan will incur 5% interest during the remaining term of the loan ending on December 31, 2025, the date by which the loan must be fully repaid. The Company intends to pay back the CEBA loan by December 2022.

## 8. SHARE CAPITAL

a) *Share capital*

***Authorized***: an unlimited number of common shares with no par value.

***Issued:*** 125,977,452 common shares.

From April 3 to April 30, 2019, the Company issued 3,882,265 units ("Units") at a subscription price of $0.12 per Unit, for total proceeds of $465,872. Each Unit consists of one common share and one half non-transferrable common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at $0.24 per share for two years from the date of issue. The warrants issued were valued at $42,449 based on the residual value method. The Company also issued 116,620 broker warrants on the same terms. The fair value of the broker warrants was nominal.

On May 10, and August 14, 2019, pursuant to a marketing services agreement with VRIFY Technology Inc., the Company issued 171,429 shares at a price of $0.07 per share for $12,000 and 120,000 shares at a price of $0.05 per share for $6,000, respectively, for services rendered.

On June 17, 2019, pursuant to an advisory agreement with Canaccord Genuity Corp, the Company issued 208,333 shares at a value of $0.045 per share for $9,375 in exchange for services of $25,000 resulting in a gain on debt settlement of $15,625, which is included in general and administrative expense on the consolidated statements of loss and comprehensive loss.

On October 11, 2019, the Company issued 8,400,000 units ("Units 2") at a subscription price of $0.12 per Unit 2, for total proceeds of $1,008,000. Each Unit 2 consists of one common share and one half non-transferrable common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at $0.24 per share for three years from the date of issue. The warrants issued were valued at $294,000 based on the residual value method.

On May 25, 2020 and June 29, 2020, the Company issued 2,200,000 units and 12,800,000 units ("Units 3"), respectively, to Glencore Canada Corporation ("Glencore") at a subscription price of $0.05 per Unit 3, for total proceeds of $750,000. Each Unit 3 consists of one common share and one half non-transferrable common share purchase warrant. Each whole warrant will entitle Glencore to purchase one additional common share in the capital of the Company at $0.10 per share for three years from the date of issue (see also Note 15, Subsequent Events). On July 2, 2020, the Company closed a non-brokered private placement for an additional 1,000,000 Unit 3's at a subscription price of $0.05 per Unit3, for total proceeds of $50,000.

On July 28, 2020, the Company closed a non-brokered private placement of 25,833,333 units ("Unit 4") at a subscription price of $0.06 per Unit 4, for total proceeds of $1,550,000. Each Unit 4 consists of one common share and one half non-transferrable common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at $0.12 per share for three years from the date of issue. The Company paid finders fees of $23,811 and issued 394,757 brokers warrants with a fair value of $19,307. Each broker warrant entitles the holder to acquire one common share of the Company for $0.12 per share on or before July 27, 2023.

(Expressed in Canadian Dollars, unless otherwise stated)

On December 30, 2020, the Company closed a non-brokered private placement of 11,584,615 common shares at a subscription price of $0.065 per common share, for total proceeds of $753,000(see also Note 16, Subsequent Events).

*b) Stock options*

The Company has a stock option plan (the "Plan") that authorizes the Board of Directors to grant options to directors, officers, employees and consultants. The maximum number of common shares issuable pursuant to the exercise of outstanding options granted under the plan is 10% of the issued shares of the Company at the time of granting the options. The maximum number of stock options granted to any one individual in a 12-month period may not exceed 5% of the outstanding common shares of the Company. The maximum number of stock options granted to any one consultant or an individual providing investor relations services in a 12-month period may not exceed 2% of the outstanding common shares of the Company. Options granted to consultants or individuals providing investor relations services will vest over at least 12 months with no more than one-quarter of the options vesting in any three-month period. The exercise price of each option will be determined by the Board, subject to the approval of the TSX-V if necessary. Options granted will have a term not to exceed five years and, except for where previously noted, are subject to vesting provisions as determined by the Board.

Total stock options granted during the year ended December 31, 2020 was 1,535,000 (2019 – 830,000). Total share-based payments expense recognized for options granted and vested during the year was $105,421 (2019 - $106,464). Stock option transactions are summarized as follows.

| | Number | Weighted Average Exercise Price |
|---|---|---|
| Balance, December 31, 2018 | 3,505,000 | $ 0.22 |
| Granted | 830,000 | 0.08 |
| Expired | (115,000) | 0.23 |
| Balance, December 31, 2019 | 4,220,000 | 0.19 |
| Granted | 1,535,000 | 0.09 |
| Expired | (1,005,000) | 0.17 |
| **Balance, December 31, 2020** | **4,750,000** | **$ 0.16** |

| Number of Options Outstanding | Weighted Average Remaining Life (Years) | Exercise Price ($) | Number of Options Currently Exercisable | Expiration Date |
|---|---|---|---|---|
| 300,000 | 2.14 | 0.40 | 300,000 | February 19, 2023 |
| 2,175,000 | 2.68 | 0.20 | 2,175,000 | September 6, 2023 |
| 200,000 | 2.68 | 0.20 | 200,000 | September 6, 2023 |
| 540,000 | 1.79 | 0.08 | 360,000 | October 17, 2022 |
| 1,535,000 | 4.76 | 0.09 | 511,667 | October 2, 2025 |

The fair value of stock options granted were estimated using the Black-Scholes option pricing model with the following assumptions:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Risk free interest rate | 0% | 2% |
| Expected life of options | 5 Years | 3 Years |
| Expected dividend yield | Nil | Nil |
| Expected stock price volatility | 76% | 54% |
| Weighted average fair value per option granted | $ 0.05 | $ 0.03 |

*c) Restricted Share Units (RSU)*

On July 2, 2019, the Company adopted an RSU plan for directors, officers, employees and consultants of the Company. Under the terms of the plan, each vested RSU awarded entitles the RSU holder to receive, subject to adjustment as provided for in the RSU Plan, either one common share in the Company or, at the Company's option, an equivalent cash payment. The RSUs are considered equity settled. RSUs will vest over a period of up to three years from the date of grant. The Company has reserved 2,000,000 common shares for issuance under the RSU Plan, subject to the total RSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company. The Company did not grant any RSU's for the years ended December 31, 2020 and 2019.

(Expressed in Canadian Dollars, unless otherwise stated)

RSUs are measured at fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant and are recognized as share-based compensation expense on a straight-line basis over the vesting period. The corresponding amount is recorded to the share-based payment reserve. Upon the exercise of RSUs, the related share-based payment reserve is transferred to share capital.

*d) Deferred Share Units (DSU)*

On July 2, 2019, the Board amended the terms of the DSU Plan. Under the terms of the amended DSU Plan, each vested DSU awarded entitles the DSU holder to receive, subject to adjustment as provided for in the DSU Plan, either one common share in the Company or, at the option of the Company, an equivalent cash payment. Shares eligible for issuance under the DSU Plan will be subject to the total DSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company.

For the purposes of the DSU Plan, the value of the DSU on the grant date is the market price, being the five-day volume weighted average price of the common shares immediately preceding the grant date. If the common shares are not trading on the TSX-V, then the Market Value shall be determined in the same manner based on the trading price on such stock exchange or over-the-counter market on which the common shares are listed and posted for trading as may be selected for such purpose by the Board.

The value of the DSU's issued was $56,003 (2019 - $25,000) recorded to salaries and benefits. Company's DSUs outstanding as at December 31, 2020 and 2019 and the changes for the years then ended are as follows:

| | **Number** |
|---|---|
| Balance as at December 31, 2018 | – |
| Granted | 500,000 |
| Balance as at December 31, 2019 | 500,000 |
| Granted | 666,666 |
| **Balance as at December 31, 2020** | 1,166,666 |

*e) Warrants*

Warrant transactions are summarized as follows:

| | **Number** | **Weighted Average Exercise Price** |
|---|---|---|
| Balance, December 31, 2018 | 5,382,950 | $ 0.28 |
| Issued – Private Placement | 6,141,133 | 0.24 |
| Issued – Broker | 116,620 | 0.24 |
| Expired | (5,382,950) | 0.28 |
| Balance, December 31, 2019 | 6,257,753 | 0.24 |
| Issued – Private Placement | 20,916,667 | 0.11 |
| Issued – Broker | 394,757 | 0.12 |
| Balance, December 31, 2020 | 27,569,177 | $ 0.14 |

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2020, the following warrants were outstanding:

| Number of Warrants | Exercise Price ($) | Remaining Life (Years) | Expiry Date |
|---|---|---|---|
| 1,764,853 | 0.24 | 0.25 | April 3, 2021* |
| 292,900 | 0.24 | 0.33 | April 29, 2021 |
| 4,200,000 | 0.24 | 1.78 | October 11, 2022 |
| 1,100,000 | 0.10 | 2.40 | May 25, 2023 |
| 6,400,000 | 0.10 | 2.49 | June 29, 2023 |
| 500,000 | 0.10 | 2.50 | July 2, 2023 |
| 13,311,424 | 0.12 | 2.57 | July 28, 2023 |

* Subsequent to year end, these warrants expired unexercised.

The fair value of the broker warrants issued were estimated using the Black-Scholes option pricing model with the following assumptions:

| | December 31, 2020 |
|---|---|
| Risk free interest rate | 0.3% |
| Expected life of warrants | 3 Years |
| Expected dividend yield | Nil |
| Expected stock price volatility | 105% |
| Weighted average fair value per option granted | $ 0.05 |

## 9. NON-CONTROLLING INTEREST

Set out below is the summary financial information for Ballinalack and TILZ, the subsidiaries for which the Company is subject to a material non-controlling interest.

| | Ballinalack Resources Limited | TILZ Minerals Limited | Total |
|---|---|---|---|
| Non-controlling interest, December 31, 2018 | $ 2,433,708 | $ 739,604 | $ 3,173,312 |
| Share of loss | (200,245) | (79,585) | (279,830) |
| **Non-controlling interest, December 31, 2019** | 2,233,463 | 660,019 | 2,893,482 |
| Share of loss | (38,028) | (71,979) | (110,007) |
| Contribution from non-controlling interest | 228,255 | 97,682 | 325,937 |
| **Non-controlling interest, December 31, 2020** | $ 2,423,690 | $ 685,722 | $ 3,109,412 |

The following tables present the non-controlling interest as at December 31, 2019 and 2020. The information below is before inter-company eliminations.

| **As at December 31, 2019** | Ballinalack Resources Limited | TILZ Minerals Limited | Total |
|---|---|---|---|
| Non-controlling interest percentage | 40% | 23.44% | |
| **Assets** | | | |
| Current | $ 337,259 | $ 24,199 | $ 361,458 |
| Non-current | 6,086,296 | 2,811,525 | 8,897,821 |
| | 6,423,555 | 2,835,724 | 9,259,279 |
| **Liabilities** | | | |

| | | | |
|---|---|---|---|
| Current | 848,337 | 48,309 | 896,646 |
| | 848,337 | 48,309 | 896,646 |
| **Net Assets** | $ 5,575,218 | $ 2,787,415 | $ 8,362,633 |
| **Non-controlling interest** | $ 2,233,463 | $ 660,019 | $ 2,893,482 |

| **As at December 31, 2020** | **Ballinalack Resources Limited** | **TILZ Minerals Limited** | **Total** |
|---|---|---|---|
| Non-controlling interest percentage | 40% | 23.44% | |
| **Assets** | | | |
| Current | $ 178,660 | $ 209,335 | $ 387,995 |
| Non-current | 6,086,296 | 2,811,525 | 8,897,821 |
| | 6,264,956 | 3,020,860 | 9,285,816 |
| **Liabilities** | | | |
| Current | 252,861 | 132,319 | 385,180 |
| | 252,861 | 132,319 | 385,180 |
| **Net Assets** | $ 6,012,095 | $ 2,888,541 | $ 8,900,636 |
| **Non-controlling interest** | $ 2,423,690 | $ 685,722 | $ 3,109,412 |

The following table presents the loss and comprehensive loss attributable to non-controlling interest:

| **Year Ended December 31** | **2020** | **2019** |
|---|---|---|
| **Loss and comprehensive loss for the year** | **$ 1,971,383** | **$ 3,127,892** |
| **Loss attributable to non-controlling interest** | | |
| Ballinalack Resources Limited | 38,028 | 200,245 |
| TILZ Minerals Ltd. | 71,979 | 79,585 |
| | $ 110,007 | $ 279,830 |

## 10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The Company monitors its adjusted capital which comprises all components of equity. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. No changes were made to the Company's capital management practices during the year ended December 31, 2020.

## 11. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at December 31, 2020 the Company had working capital of $1,704,326. The Company is exposed to liquidity risk.

*Foreign exchange risk*

The Company's functional currency is the Canadian dollar. There is a foreign exchange risk to the Company as its exploration and evaluation property interests and resulting future commitments are in Ireland. The Euro translation rate has experienced volatility over the last several years as a result of monetary policies adopted by the European Central Bank. Management monitors its foreign currency balances and adjusts based on anticipated need for currencies. The Company has a policy of not engaging in hedging activities to address this foreign currency risk. At December 31, 2020, the Company had Euro denominated current assets of €875,450 and Euro denominated current liabilities of €364,642. Accordingly, a 10% change in the foreign exchange rate would result in a $79,727 credit or charge to operations.

(Expressed in Canadian Dollars, unless otherwise stated)

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is currently not exposed to any interest rate risk as cash is held in a non-interest bearing account and the Company does not hold any interest bearing liabilities.

*Commodity price risk*

While the value of the Company's exploration and evaluation assets is related to the price of zinc and other minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks with respect to its operational activities. Zinc and other mineral prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, the perception of market participants about the price and future price prospects for zinc, changes in manufacturing and construction activity as well as other industrial demands, levels of worldwide production, and forward sales by producers and speculators.

*Fair value*

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; and
- Level 3 - Inputs that are not based on observable market data.

The fair value of the Company’s other receivables, accounts payable and accrued liabilities and exploration partner advances approximates their carrying value because of the short-term nature of the financial instruments. The Company’s cash is measured at fair value using Level 1 inputs.

## 12. RELATED PARTY BALANCES AND TRANSACTIONS

*Key Management Compensation*

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company’s Board of Directors and corporate officers.

Their remuneration includes the following:

| **Year Ended December 31** | **2020** | **2019** |
|---|---:|---:|
| Salaries and benefits | $ 521,924 | $ 646,546 |
| Management fees | – | 214,818 |
| Professional fees | 18,437 | 19,750 |
| Share-based payments – Stock Options | 76,978 | 66,258 |
| **Total** | **$ 617,339** | **$ 940,882** |

For the year ended December 31, 2020, $72,699 (2019 - $24,752) of salaries and benefits were recorded in exploration and evaluation expense. At December 31, 2020, accounts payable and accrued liabilities include $60,000 (December 31, 2019 – $60,000) payable to directors of the Company.

(Expressed in Canadian Dollars, unless otherwise stated)

## 13. INCOME TAXES

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

| For the year ended December 31, | 2020 | 2019 |
|---|---|---|
| Loss before income taxes | ($1,971,383) | ($3,127,892) |
| Statutory tax rate | 27% | 27% |
| Income tax recovery | (532,000) | (788,000) |
| Change in statutory, foreign tax, foreign exchange rates and other | 15,000 | 160,000 |
| Permanent differences | (128,000) | (104,000) |
| Adjustment to prior years provision versus statutory tax returns | 284,000 | 188,000 |
| Change in unrecognized deductible temporary differences | 361,000 | 544,000 |
| **Total income tax expense (recovery)** | $ – | $ – |

The significant components of the Company's deferred tax assets that have not been recognized in the consolidated statement of financial position are as follows:

| As at December 31, | 2020 | 2019 |
|---|---|---|
| Deferred tax assets (liabilities) | | |
| Equipment | $ 8,000 | $ 7,000 |
| Share issuance costs | 38,000 | 63,000 |
| Non-capital losses | 2,592,000 | 2,200,000 |
| | 2,638,000 | 2,270,000 |
| Unrecognized deferred tax assets | (2,638,000) | (2,270,000) |
| **Net deferred tax assets** | $ – | $ – |

The significant components of the Company's temporary differences, unused tax credits and unused tax losses giving rise to unrecognized tax assets are as follows:

| | 2020 | Expiry Dates | 2019 | Expiry Dates |
|---|---|---|---|---|
| **Temporary Differences** | | | | |
| Equipment | 32,000 | No expiry | 27,000 | No expiry |
| Share issuance costs | 140,000 | 2022 – 2025 | 234,000 | 2022 |
| Non-capital losses | | No expiry | | No expiry |
| Ireland | $ 5,953,000 | 2036 – 2040 | $ 5,965,000 | 2036 – 2039 |
| Canada | $ 4,087,000 | | $ 2,621,000 | |

## 14. SEGMENT INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief executive officer, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company undertakes administrative activities in Canada, and is engaged in the acquisition, exploration, and evaluation of certain mineral property interests in Ireland. Accordingly, the Company's operations are in one commercial and two geographic segments. The Company's Equipment (Note 4) and Exploration and Evaluation Assets (Note 5) are held by the Company in Ireland. The remaining assets, including cash and cash equivalents, prepaids and other receivables, reside in both of the Company's two geographic locations. The Company is not exposed to significant operating risks as a consequence of the concentration of its assets in Ireland.

## 15. SUBSEQUENT EVENT

On January 11, 2021, the Company closed a non-brokered private placement of 11,492,384 common shares at a subscription price of $0.065 per common share, for total proceeds of $747,005. Glencore subscribed for 6,097,615 shares in the private placement. The Company issued 323,686 non-transferable finder's warrants related to a portion of the private placement to parties at arm's length to the Company. Each finder's warrant entitles a finder to purchase one common share at a price of $0.065 per share for two years from the date of issue.