

Western Atlas

Resources Inc.

Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF WESTERN ATLAS RESOURCES INC.

Opinion

We have audited the consolidated financial statements of Western Atlas Resources Inc. (the "Company"), which comprise:

- ♦ the consolidated statements of financial position as at December 31, 2020, and 2019;
- ♦ the consolidated statements of loss and comprehensive loss for the years then ended;
- ♦ the consolidated statements of changes in shareholders' equity for the years then ended;
- ♦ the consolidated statements of cash flows for the years then ended; and
- ♦ the 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 audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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.

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 \$865,297 during the year ended December 31, 2020 and, as of that date, had an accumulated deficit of \$3,549,649. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of 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 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 audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed 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 auditors' 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 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.

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

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 12, 2021

WESTERN ATLAS RESOURCES INC.

Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

	Year ended December 31, 2020	Year ended December 31, 2019
Operating expenses		
General and administrative expenses	\$ 90,813	\$ 119,667
Salaries and benefits (Note 8)	134,904	122,940
Accounting, audit and advisory services (Note 8)	278,201	171,812
Legal fees	77,581	-
Property investigation costs	101,845	21,516
Investor relations	36,500	93,340
Share-based payments (Note 6)	145,000	71,000
Foreign exchange loss	453	1,110
Write off of exploration and evaluation assets	-	279,972
Net loss and comprehensive loss for the year	\$ 865,297	\$ 881,357
Other income		
Flow through share premium recovery	-	(8,250)
Loss and comprehensive loss for the year	\$ 865,297	\$ 873,107
Weighted Average Common Shares Outstanding	96,403,877	61,919,337
Loss per Common share - basic and diluted	\$0.01	\$0.01

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

WESTERN ATLAS RESOURCES INC.

Consolidated Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars)

	Total number of shares issued	Total share capital	Reserves	Deficit	Total Shareholders Equity
Balance December 31, 2018	56,380,395	\$ 4,300,838	\$ 288,000	\$ (1,811,245)	\$ 2,777,593
Net loss	-	-	-	(873,107)	(873,107)
Shares issued for cash	22,255,883	1,889,000	2,750	-	1,891,750
Shares issued for debt	1,342,120	100,659	-	-	100,659
Share issue costs	-	(4,751)	-	-	(4,751)
Share-based payments	-	-	71,000	-	71,000
Balance December 31, 2019	79,978,398	\$ 6,285,746	\$ 361,750	\$ (2,684,352)	\$ 3,963,144
Net loss	-	-	-	(865,297)	(865,297)
Shares issued for cash	35,900,000	3,590,000	-	-	3,590,000
Share issue costs	-	(236,530)	104,000	-	(132,530)
Share-based payments	-	-	145,000	-	145,000
Balance December 31, 2020	115,878,398	\$ 9,639,216	\$ 610,750	\$ (3,549,649)	\$ 6,700,317

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

WESTERN ATLAS RESOURCES INC.

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	Year ended December 31, 2020	Year ended December 31, 2019
Cash flows provided by (used in):		
Operating activities		
Net loss for the year	\$ (865,297)	\$ (873,107)
Adjustments for non-cash items:		
Share-based payments	145,000	71,000
Write off of exploration and evaluation assets	-	279,972
Deferred income tax recovery	-	(8,250)
Changes in non-cash working capital items:		
Prepaid expenses	(39,768)	82,095
Accounts receivable	(1,517)	(7,423)
Accounts payable and accrued liabilities	(1,892)	(118,304)
Net cash used by operating activities	(763,474)	(574,017)
Investing activities		
Exploration & evaluation assets	(1,767,506)	(339,805)
Short term investment	250,000	(200,000)
Net cash used by investing activities	(1,517,506)	(539,805)
Financing activities		
Shares issued for cash	3,590,000	1,900,000
Share issue costs	(112,572)	(4,751)
Loan proceeds received	-	100,659
Net cash provided by financing activities	3,477,428	1,995,908
Net cash increase for the year	1,196,448	882,086
Cash and cash equivalents at beginning of year	1,283,361	401,275
Cash and cash equivalents at end of year	\$ 2,479,809	\$ 1,283,361

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

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

1. Nature of operations and going concern

Western Atlas Resources Inc. (the “Company”) is a company domiciled in Canada. The address of the Company’s registered office is Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada V6C 2X8. The Company has one wholly owned subsidiary, Western Atlas (Nunavut) Holding Corp, which in turn has one wholly owned subsidiary, 5530 Nunavut Inc., both of which are domiciled in Canada.

The consolidated financial statements of the Company for both periods presented comprises the Company and its subsidiaries (together referred to as the “Company” and individually as “Company entities”). The Company and its subsidiaries are primarily involved in the discovery, acquisition, and development of mineral deposits in premier mining jurisdictions.

These consolidated financial statements have been prepared on a basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At December 31, 2020, the Company had not achieved profitable operations, had an accumulated deficit of \$3,549,649 (2019 - \$2,684,352) and expects to incur further losses as it develops its business and explores its mineral property interests. The Company will be required to raise additional financing to maintain its operations; all of the factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain resources that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary mining and environmental permits, and upon future profitable production or proceeds from disposition of the mineral property.

The ability of the Company to carry out its planned business objectives and continue as a going concern is dependent on its ability to raise adequate financing from lenders, shareholders, and other investors and/or generate operating profitability and positive cash flow from its mineral property interests. There can be no assurances that the Company will be able to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations and exploration and development activities which may impact the Company’s ability to maintain its mineral property interest.

The consolidated financial statements do not include any adjustments relating to the recorded amounts and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company’s business or operations.

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements of have been prepared on the historical cost basis, except for certain financial instruments carried at fair value. In addition, these consolidated financial statements have also been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates

Significant areas requiring the use of estimates and assumptions are as follows:

Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset’s recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable pre-tax discount rate in order to calculate present value.

Management estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management’s estimate of the net cash flow to be generated from its projects.

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Recoverability and measurement of deferred tax assets.

The Company operates in British Columbia and Nunavut and subject to its provincial and territorial corporate tax rates and rules of taxation. The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its financial statements and their tax bases as deferred tax assets or liabilities, when applicable, as determined under applicable tax legislation.

The future realization of deferred tax assets can be affected by many factors, including: current and future economic conditions, net realizable fair market value, and can either be increased or decreased where, in the view of management, such change is warranted. No deferred tax assets have been deemed probable to date.

Share-based compensation

The fair value of share-based payments and warrants is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Judgments

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Going Concern

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

Eligible flow-through expenditures

The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

Details of the Company's subsidiaries at December 31, 2020 are as follows:

Name	Place of Incorporation	Interest	Principal Activity
Western Atlas (Nunavut) Holding Corp.	British Columbia, Canada	100%	Mineral exploration and evaluation
5530 Nunavut Inc.	Nunavut, Canada	100%	Mineral exploration and evaluation

(ii) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Revenue and expenses in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in the foreign currency are not re-translated. Exchange differences from translations are recorded in profit or loss.

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

3. Significant accounting policies (continued)

(c) Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9 Financial Instruments ("IFRS 9"):

<u>Financial Instrument</u>	<u>Classification</u>
Cash and cash equivalent	Amortized cost
Short term investment	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Financial assets

The Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Amortized cost - Amortized cost are those assets which are held within a business whose objective is to hold financial assets to collect contractual cash flows; and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest.

Fair value through other comprehensive income ("FVOCI") - FVOCI assets are those assets which are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows solely through the collection of principal and interest.

Fair value through profit or loss ("FVTPL") - A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or FVOCI. The Company may however make the irrevocable option to classify particular investments as FVTPL.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year.

Financial liabilities

Management determines the classification of its financial liabilities at initial recognition.

Amortized cost - The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at FVTPL and certain other exceptions.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The Company has not recognized any impairment losses during the years ended December 31, 2020 and 2019.

(d) Share capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

Share-based payments

The Company has a stock option plan, whereby share purchase options are granted in accordance with the policies of regulatory authorities. The fair value of all share purchase options granted is expensed over their vesting period with a corresponding increase to equity and reserves. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in equity reserves, is recorded to share capital.

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

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the assumptions used do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

(e) Exploration expenditures

The cost of exploration expenditures is expensed as incurred, including those costs incurred before the Company has obtained the legal rights to explore an area of interest.

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

3. Significant accounting policies (continued)

(f) Exploration and evaluation assets

Exploration and evaluation expenditures include the cost of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal right to explore an area are recognized in profit or loss. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and the balance is reclassified as a development asset in property, plant, and equipment.

Recoverability of the carrying amount of any exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company is not aware of any disputed claims of title.

(g) Provision for closure and reclamation

The Company recognizes statutory, contractual, or other obligations related to the retirement of its exploration assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision for closure and reclamation as at December 31, 2020.

(h) Impairment of Non-Financial Assets

Impairment tests on non-financial assets, including exploration and evaluation assets, are performed whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. 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

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
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3. Significant accounting policies (continued)

(h) Impairment of Non-Financial Assets (continued)

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.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Each of the Company's exploration and evaluation properties is considered to be a cash-generating unit for which impairment testing is performed.

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 reporting periods. A reversal of an impairment loss is recognized immediately in profit or loss.

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
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(expressed in Canadian dollars)

3. Significant accounting policies (continued)

(i) Income tax (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and guaranteed investment certificates (“GIC’s”) with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As of December 31, 2020, the Company had \$2,000,000 of cash equivalents in the form of GICs which are cashable at the Company’s discretion (2019 - \$1,000,000).

(k) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The diluted loss per share are calculated based on the weighted average number of common shares outstanding during the period, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period.

(l) Flow-through shares

The Company will, from time to time, issue flow-through shares to finance exploration programs undertaken in Canada. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of the qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through share using the residual method into i) share capital, ii) warrants and iii) flow-through share premium, equal to the estimated premium, if any, investors paid for the flow-through feature, which is recognized as a liability. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of the tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. The required flow-through expenditures as of December 31, 2020 are \$62,455 (2019 - \$nil). The Company has until December 31, 2023 to incur the required flow-through expenditures but has met its required flow-through expenditures in the first quarter of 2021.

Proceeds from the issuance of flow-through shares had been restricted to be used only for certain Canadian resource property exploration expenditures incurred within a two-year period. On July 10, 2020, the Government of Canada through Canada’s COVID-19 Economic Response Plan to support Canadian businesses and protect jobs during the global COVID-19 pandemic, announced

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Notes to the Consolidated Financial Statements
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3. Significant accounting policies (continued)

(1) Flow-through shares (continued)

that the Government has extended the timelines for spending the capital they raise via flow-through shares by 12 months.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

4. Short term investment

Short term investment is comprised of a guaranteed investment certificate (“GIC”) held with a major financial institution with a maturity date of April 13, 2020. The GIC is classified as fair value through profit or loss and measured at fair value with fair value gains and losses recognized in the consolidated statement of loss for the year. During the year ended December 31, 2020, the Company redeemed the \$250,000 for cash proceeds.

5. Exploration and evaluation assets

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

Meadowbank Project

At December 30, 2020, the Company holds the mineral rights to property in Nunavut, Canada, namely the Meadowbank Project.

The Company’s project in Meadowbank is comprised of approximately 58,000 hectares of mineral claims divided in three areas, namely Area A, Area B and Area C. Area A (10,046 hectares), is located along Agnico Eagle’s (TSX-AEM) mining blocks (also part of the Meadowbank gold mine) and AEM’s Amaruq gold producing mine; Area B (39,127 hectares), is located along trend of Agnico Eagle’s Vault, Portage and Goose deposits, and North of the Agnico Eagle’s Greyhound gold target; and Area C (8,671 hectares), is located South of the Greyhound gold target.

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5. Exploration and evaluation assets (continued)

At December 30, 2020, the following costs are capitalized as exploration and evaluation assets:

Exploration Costs - Nunavut	Balance December 31, 2019	Year ended December 31, 2020	Balance December 31, 2020
Acquisition costs			
Recording and staking fees	\$ 182,658	\$ -	\$ 182,658
Exploration costs			
43-101 Technical Report	62,176	-	62,176
Drilling	-	700,855	700,855
Field supplies and expenses	695,121	219,888	915,009
Geological services	619,913	314,238	934,151
GeoPhysical surveys	637,988	-	637,988
Laboratory analysis	54,876	49,818	104,694
Logistics	-	459,967	459,967
Travel	141,248	27,844	169,092
	2,211,322	1,772,610	3,983,932
Total Exploration Costs	\$ 2,393,980	\$ 1,772,610	\$ 4,166,590

At December 31, 2019 the following costs are capitalized as exploration and evaluation assets:

Exploration Costs - Nunavut	Balance December 31, 2018	Year ended December 31, 2019	Write off of Committee Bay Costs	Balance December 31, 2019
Acquisition costs				
Recording and staking fees	\$ 381,916	\$ 14,577	\$ (213,839)	\$ 182,654
Exploration costs				
43-101 Technical Report	106,355	647	(44,826)	62,176
Field supplies and expenses	630,283	64,838	-	695,121
Geological services	393,789	247,428	(21,307)	619,910
GeoPhysical surveys	632,588	5,400	-	637,988
Laboratory analysis	52,878	1,998	-	54,876
Travel	136,338	4,917	-	141,255
	1,952,231	325,228	(66,133)	2,211,326
Total Exploration Costs	\$ 2,334,147	\$ 339,805	\$ (279,972)	\$ 2,393,980

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6. Share capital

(a) Authorized

Unlimited number of common voting shares without par value.

(b) Issued during the year ended December 31, 2020

On July 17, 2020, the Company closed a non-brokered private placement for total gross proceeds of \$3,590,000 ("Private Placement"). The Company issued a total of 35,900,000 units which consisted of 14,700,000 flow-through units at \$0.10 per unit and 21,200,000 non-flow-through units at \$0.10 per unit. The Company incurred \$132,530 in cash share issue costs.

Each flow-through unit consisted of one flow-through common share and one-half (1/2) of one non-flow-through common share purchase warrant, with each whole warrant exercisable for one additional common share at a price of \$0.15 for a period of two years from the closing of the Private Placement.

Each non-flow-through unit consisted of one non-flow-through common share and one (1) non-flow-through common share purchase warrant, with each whole warrant exercisable for one additional common share at a price of \$0.15 for a period of two years from the closing of the Private Placement.

In connection with the private placement the Company granted 900,000 agent warrants fair valued at \$104,000 using the Black Scholes model with the following inputs: i) exercise price: \$0.15; ii) share price: \$0.17; iii) term: 2 years; iv) volatility: 134.27%; v) discount rate: 0.27% Each agent warrant is exercisable into a common share of the Company for a price of \$0.10 and expire 2 years from the date of issuance.

The Company may accelerate the expiry date of the warrants after one and a half years have elapsed from the closing of the Private Placement if the Company's common shares have a closing price on the TSX Venture Exchange (or such other exchange on which they may be traded at such time) of greater than C\$0.18 per share for a period of 20 consecutive trading days, by giving notice to the warrant holders. In such event, the warrants will expire on the 30th day after the date on which such notice is given, which notice shall be deemed to have been delivered to the holders three business days after it has been sent by the Company to the holders by regular mail.

The proceeds of the Private Placement were used for the exploration of the Company's Meadowbank project in Nunavut, for seeking restitution of the Incredible Project, for the potential addition to the Company's exploration portfolio of one or more properties located in different jurisdictions and for general administrative expenses. The proceeds from the sale of the flow-through units were used for Canadian Exploration Expenses and qualify as "flow-through mining expenditures", as defined in the *Income Tax Act* (Canada).

Upon closing of the Private Placement, Gran Colombia Gold ("Gran Colombia") held 29,910,588 common shares and 21,955,294 share purchase warrants of the Company. Gran Colombia previously held 15,910,588 common shares of the Company. The common shares held by Gran Colombia on closing of the Private Placement represent approximately 25.8% of the outstanding common shares of the Company. Assuming the exercise of the share purchase warrants it holds,

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6. Share capital (continued)

(b) Issued during the year ended December 31, 2020 (continued)

Gran Colombia would hold 51,865,882 common shares representing approximately 30.9% of the outstanding common shares of the Company after giving effect to the exercise of Gran

Colombia's warrants but assuming no exercise of any other outstanding warrants or options of the Company.

Gran Colombia advised that it acquired the non-flow-through units for investment purposes and had no present intention to acquire further securities of the Company, although it may in the

future acquire or dispose of securities of the Company through the market, privately or otherwise, as circumstances or market conditions warrants or options of the Company.

(c) Issued during the year ended December 31, 2019

On August 23, 2019, the Company issued 1,342,120 common shares at \$0.075 per common share to settle a loan with a director and officer of the Company.

On October 10, 2019, the Company closed a non-brokered private placement for total gross proceeds of \$1,900,000. The Company issued a total of 22,255,883 units which consisted of 550,000 flow-through units at \$0.10 per unit and 21,705,883 non-flow through units at \$0.085 per unit. The Company incurred \$4,751 in cash share issue costs.

Each flow-through unit consisted of one flow-through common share and one-half (1/2) of one non flow-through common share purchase warrant, with each whole warrant exercisable for one additional common share at a price of \$0.20 for a period of two years from the closing of the private placement.

Each non-flow-through unit consisted of one non-flow-through common share and one-half (1/2) of one non-flow-through common share purchase warrant, with each whole warrant exercisable for one additional common share at a price of \$0.20 for a period of two years from the closing of the private placement.

(d) Stock Options

The Company has a stock option plan that provides for the issuance of compensatory options to its directors, officers, employees and consultants. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares at any point in time. Options granted under the plan may have a maximum term of ten years. Terms of the vesting period over which the options are earned is determined by the Board of Directors.

On January 23, 2019, the Company announced that pursuant to the Company's Stock Option Plan, a total of 200,000 incentive stock options were granted to a Corporate Development and Technical Advisor. The stock options are exercisable at a price of C\$0.07 per share for a period of two years.

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6. Share capital (continued)

(d) Stock Options (continued)

On December 13, 2019, the Company announced that pursuant to the Company's Stock Option Plan, a total of 2,900,000 incentive stock options were granted to newly appointed and existing directors, officers, employees, and consultants of the Company. The stock options are exercisable at a price of \$0.10 per share for a period of two years.

On June 15, 2020, the Company announced that pursuant to the Company's Stock Option Plan, a total of 3,765,000 incentive stock options were granted to directors, officers, employees, and consultants of the Company. The stock options are exercisable at a price of \$0.10 per share for a period of two years.

The continuity of share purchase options at December 31, 2020 is as follows:

Exercise Price	Expiry Date	December 31, 2019	Granted	Expired	December 31, 2020
\$0.12	16-Mar-20	3,350,700	-	(3,350,700)	-
\$0.07	23-Jan-21	200,000	-	-	200,000
\$0.10	13-Dec-21	2,900,000	-	-	2,900,000
\$0.10	15-Jun-22	-	3,765,000	-	3,765,000
\$0.20	27-Aug-23	900,000	-	-	900,000
\$0.32	01-Sep-26	232,500	-	-	232,500
		7,583,200	3,765,000	(3,350,700)	7,997,500

The continuity of share purchase options at December 31, 2019 is as follows:

Exercise Price	Expiry Date	December 31, 2018	Granted	Expired	December 31, 2019
\$0.20	15-Jun-19	42,500	-	42,500	-
\$0.32	15-Jun-19	330,000	-	330,000	-
\$0.32	01-Sep-26	232,500	-	-	232,500
\$0.12	16-Mar-20	3,350,700	-	-	3,350,700
\$0.20	27-Aug-23	900,000	-	-	900,000
\$0.07	23-Jan-21	-	200,000	-	200,000
\$0.10	13-Dec-21	-	2,900,000	-	2,900,000
		4,855,700	3,100,000	372,500	7,583,200

As at December 31, 2020 there were 7,997,500 options of which 7,997,500 were exercisable with a weighted average exercise price of \$0.12. The weighted average remaining contractual life of the vested options is 1.5 years.

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6. Share capital (continued)

(d) Stock Options (continued)

The share-based payments were derived from the vesting of grants which have been estimated using the Black-Scholes option pricing model based on the following weighted-average assumptions:

	Year ended December 31, 2020	Year ended December 31, 2019
Expected life	2 years	2 years
Expected volatility	136.9%	51.0%
Expected dividend yield	Nil	Nil
Risk-free interest rate	0.26%	1.75%
Fair value per option	\$0.04	\$0.01-\$0.02

In estimating the fair value of options issued using the Black-Scholes option pricing model, the Company is required to make assumptions. The expected volatility assumption is based on the historical volatility of the Company's common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has historically not paid dividends on its common stock.

(e) Share and options in escrow

In conjunction with the reverse take-over, on June 18, 2018, 25,337,533 common shares and 2,730,200 stock options were placed in escrow to be released at a rate of 10% on June 18, 2018 and 15% on each of December 18, 2018, June 18, 2019, December 18, 2019, June 18, 2020, December 18, 2020, and June 18, 2021. All stock options placed in escrow expired on March 16, 2020.

As at December 31, 2020, 3,800,630 common shares and no stock options (2019 - 11,401,844 common shares and 1,228,590 stock options) are held in escrow.

(f) Warrants

The continuity of warrants at December 31, 2020 is as follows:

Exercise Price	Expiry Date	December 31, 2019	Granted	Expired	December 31, 2020
\$0.30	15-Jun-20	2,053,750	-	(2,053,750)	-
\$0.20	09-Oct-21	11,191,843	-	-	11,191,843
\$0.15	17-Jul-22	-	29,450,000	-	29,450,000
		13,245,593	29,450,000	(2,053,750)	40,641,843

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6. Share capital (continued)

(f) Warrants (continued)

The continuity of warrants at December 31, 2019 is as follows:

Exercise Price	Expiry Date	December 31, 2018	Granted	Expired	December 31, 2019
\$0.30	15-Jun-20	2,053,750	-	-	2,053,750
\$0.20	09-Oct-21	-	11,191,843	-	11,191,843
		2,053,750	11,191,843	-	13,245,593

As at December 31, 2020 there were 40,641,843 warrants outstanding with a weighted average exercise price of \$0.16 and a weighted average remaining contractual life 1.3. (2019 – 13,245,593 warrants outstanding with a weighted average exercise price of \$0.22 and a weighted average remaining contractual life of 1.57).

7. Supplemental cash flow information

- (a) The Company made no cash outlays in respect of interest or income taxes for the years ended December 31, 2020 and 2019.
- (b) As at December 31, 2020 the Company had \$5,104 in accounts payable and accrued liabilities (2019 - \$1,809), which were related to exploration and evaluation assets.

During the year ended December 31, 2020, the Company issued nil (2019 - 1,342,120) common shares to settle a loan of \$nil (2019 - \$100,659) to a director and officer of the Company.

8. Related party transactions

On December 31, 2020 and 2019, the Company had no payables due to the officers of the Company related to reimbursement of expenses paid on behalf of the Company.

During the year ended December 31, 2020, the Company paid \$297,900 (2019 – \$255,000) for management, general business and financial advisory services and salaries to an officer of the Company and to a company controlled by an officer of the Company. Share based payments expense includes \$68,000 (2019 - \$46,000) to related parties.

9. Flow-through shares

As a result of the issuance of flow-through shares pursuant to the non-brokered private placement on July 17, 2020, the Company had a commitment to incur \$1,470,000 in qualifying Canadian exploration expenditures on or before December 31, 2022. The remaining required flow-through expenditures as of December 31, 2020 are \$62,455.

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10. Segmented Information

The Company operates in one reportable operating segment in one country, being the exploration of mineral resource properties in Canada.

11. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its cash and cash equivalents. The Company manages credit risk in respect of cash and cash equivalents by holding these at a major Canadian financial institution.

The carrying amounts of cash and cash equivalents, and accounts receivable represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company currently has adequate liquidity to fund its accounts payable and accrued liabilities. The Company's accounts payable and accrued liabilities are due within 90 days of December 31, 2020.

Market risk

Market risk consists of foreign exchange risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and short term investments which earn interest at 0.20% - 0.75%. The balances are held with a major financial institution and market risk is not considered significant.

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11. Financial risk management (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has an exposure to US dollars (“USD”) that are subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company does not hedge its foreign exchange risk.

Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately \$1,327 (2019 – \$128).

Valuation of financial instruments

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying values of cash and cash equivalents, and accounts payable and accrued liabilities approximate their fair values because of the short period to maturity of these instruments.

12. Capital management

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company’s ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholders’ equity comprising of share capital, equity reserves and deficit. The basis for the Company’s capital structure is dependent on the Company’s expected business growth and changes in business environment.

In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company’s Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company’s investment policy is to hold excess cash in interest bearing bank accounts and money market funds. The Company is not subject to externally imposed capital requirements.

There have been no changes made to the capital management policy during the year.

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13. Income Taxes

(a) Provision for Income Taxes

The Company's provision for income taxes for the years ended December 31, 2020 and 2019 differs from the amounts computed by applying the statutory income tax rates to the loss before income taxes as a result of the following:

	Year ended December 31, 2020	Year ended December 31, 2019
Statutory Canadian corporate tax rate	27%	27%
Expected current income tax recovery	\$ (234,000)	\$ (240,000)
Non-deductible permanent differences	40,000	19,000
Flow-through share renouncement	397,000	15,000
Change in estimate and other	(863,000)	472,000
Change in tax assets not recognized	660,000	(274,250)
Deferred income tax expense (recovery)	\$ -	\$ (8,250)

(b) Deferred Income Tax Assets and Liabilities

The Company has the following deductible temporary differences for which no deferred tax has been recognized:

	Year ended December 31, 2020	Year ended December 31, 2019
Non-capital losses	\$ 1,287,000	\$ 282,000
Mineral resources	(654,000)	(257,000)
Share issuance costs	61,000	9,000
	\$ 693,000	\$ 34,000

The Company's non-capital losses in the amount of approximately \$4,763,000 (2019 - \$729,400) begin to expire in 2026.

14. Share Purchase Agreement

On October 9, 2019, the Company signed a Share Purchase Agreement to acquire from Gran Colombia all of the outstanding shares of Medoro Resources International Ltd. ("Medoro"). Pursuant to the agreement, the Company will issue up to 59,115,555 common shares in the capital of the Company (the "Consideration Shares") to acquire all of the issued and outstanding shares in the capital of Medoro Resources International Ltd. (the "Transaction").

The Share Purchase Agreement provides that the Company will purchase all of the outstanding Medoro Shares for a purchase price of US\$20,000,000 to be satisfied by the issuances to Gran Colombia of the Consideration Shares. The Consideration Shares will be issued at a deemed price of \$0.45 per Common Share. Upon completion of the Transaction, 100% of the Medoro Shares will be held by the Company.

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14. Share Purchase Agreement (continued)

Completion of the Transaction is subject to approval from the TSX Venture Exchange and certain other additional conditions precedent in the Share Purchase Agreement, including the occurrence of both of the following events (the “Closing Triggers”):

1. current government of Venezuela being replaced by an internationally recognized and democratically elected government; and
2. completion of the lawful transfer and registration of transfer to Medoro (or to one or more of Medoro’s Venezuelan subsidiaries) of the Incredible Project (as defined below) by Venezuelan authorities of competent jurisdiction.

While Medoro holds the mining rights to the Lo Incredible 4A and Lo Incredible 4B concessions (the “Incredible Project”), it is unable to use the rights due to actions by the Venezuelan government which will require Medoro to complete the process of restitution, which is the second of the two Closing Triggers described above. A working committee consisting of one representative from each of the Company and Gran Colombia has been formed to manage the process of restitution to Medoro of the mineral rights to the Incredible Project. The Share Purchase Agreement provides that, at the direction of the Committee, Gran Colombia and Medoro will take all actions necessary for the restitution to Medoro of the Incredible Project, including, without limitation, hiring consultants, issuing of powers of attorney, and negotiating terms for the restitution of such rights.

The Closing Triggers must occur no later than the second anniversary of the date of the closing of the October 2019 private placement (the “Outside Date”), being October 10, 2021. Should the Closing Triggers not occur by the Outside Date, the Share Purchase Agreement will be terminated.

15. Commitments

As at December 31, 2020, the Company is committed to expend a further \$62,455 of flow-through share proceeds related to flow-through shares issued during the year on qualifying exploration expenditures. The Company must incur the eligible expenditures within 24 months from issuing the flow-through shares. The expenditures must be incurred by July 17, 2022.

16. Subsequent Events

On January 23, 2021, 200,000 share purchase options, priced at \$0.07 per option, were exercised for a total of \$14,000.

The Company’s remaining flow-through expenditure requirement of \$62,455 at December 31, 2020 was met in January 2021.