

**EAGLEPLAINS RESOURCES LTD.**  
**(An Exploration Stage Corporation)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**

For the years ended  
December 31, 2020 and 2019

## Independent Auditor's Report

To the Shareholders of Eagle Plains Resources Ltd.

### Opinion

We have audited the consolidated financial statements of Eagle Plains Resources Ltd. ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019 and the consolidated statements of comprehensive income (loss), changes in shareholders' 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

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

### Other Information

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

- Management's Discussion and Analysis

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group to express an opinion on the consolidated financial statements. We are

responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Keith L. Gagnon.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, Canada  
April 22, 2021**

**EAGLE PLAINS RESOURCES LTD.**  
**(An Exploration Stage Corporation)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Expressed in Canadian dollars)**

As at December 31	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 4,836,721	\$3,450,950
Accounts receivable (Notes 4 and 11)	526,072	267,589
Prepaid expenses	17,442	38,395
Investments (Note 5)	3,415,145	1,926,570
Mineral exploration tax credits recoverable	86,533	15,050
	8,881,913	5,698,554
<b>Reclamation bonds</b> (Note 12)	99,289	98,532
<b>Property and equipment</b> (Note 6)	1,340,038	1,294,433
<b>Exploration and evaluation assets</b> (Note 7)	839,640	510,806
	\$11,160,880	\$7,602,325
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 11)	\$ 271,553	\$ 110,442
Prepaid deposits	310,760	278,388
Reclamation deposits	56,372	39,670
Premium on flow-through shares	24,253	-
Current portion of lease liabilities (Note 8)	25,971	-
	688,909	428,500
<b>Long-term liabilities</b>		
Lease liabilities (Note 8)	34,686	-
	723,595	428,500
<b>Shareholders' equity</b>		
Share capital (Note 9)	24,271,256	23,390,390
Contributed surplus (Note 9)	4,901,285	4,555,333
Deficit	(18,735,256)	(20,771,898)
	10,437,285	7,173,825
	\$11,160,880	\$7,602,325

**Nature and continuance of operations** (Note 1)

**Commitments and contingencies** (Note 12)

**Subsequent events** (Notes 7, 9 and 19)

**On behalf of the Board:**

"Timothy J Termuende" Director  
Mr. Timothy J. Termuende (Signed)

"Glen J Diduck" Director  
Mr. Glen J. Diduck (Signed)

**EAGLE PLAINS RESOURCES LTD.**  
**(An Exploration Stage Corporation)**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(Expressed in Canadian dollars)**

<b>For the years ended December 31</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Geological services (Note 15)	<u>\$5,679,822</u>	<u>\$4,908,788</u>
<b>Cost and expenses of operations</b>		
Services	<b>3,495,902</b>	3,214,179
Depreciation (Note 6)	<b>90,665</b>	109,123
Salaries and subcontractors	<b>1,152,715</b>	951,269
	<u>(4,739,282)</u>	<u>(4,274,571)</u>
<b>Gross profit</b>	<u><b>940,540</b></u>	<u>634,217</u>
<b>Operating expenses</b>		
Administration costs (Notes 8,11 and 17)	<b>760,375</b>	832,000
Professional fees (Note 11)	<b>95,085</b>	91,342
Public company costs	<b>39,359</b>	29,350
Trade shows, travel and promotion	<b>177,797</b>	53,313
	<u>(1,072,616)</u>	<u>(1,006,005)</u>
<b>Other expenses</b>		
Bad debts	<b>200</b>	1,250
Depreciation (Note 6)	<b>38,617</b>	18,833
Share-based payments (Notes 9 and 11)	<b>446,822</b>	77,260
Write down of exploration and evaluation assets (Note 7)	<b>54,875</b>	577,123
	<u>(540,514)</u>	<u>(674,466)</u>
<b>Loss before other items</b>	<u>(672,590)</u>	<u>(1,046,254)</u>
<b>Other items</b>		
Option proceeds in excess of carrying value (Note 7)	<b>717,699</b>	487,382
Other income	<b>190,513</b>	41,555
Investment income	<b>31,828</b>	42,459
Premium on flow-through shares	<b>16,487</b>	1,132
Recovery of expenses (Note 11)	<b>282,749</b>	-
Gain on disposal of equipment	<b>43,579</b>	13,887
Gain on investments (Note 5)	<b>301,603</b>	71,201
Unrealized gain (loss) on investments (Note 5)	<b>1,124,774</b>	(93,214)
	<u>2,709,232</u>	<u>564,402</u>
<b>Comprehensive income (loss) for the year</b>	<u><b>\$ 2,036,642</b></u>	<u>\$ (481,852)</u>
<b>Earnings (loss) per share - basic and diluted (Note 10)</b>	<b>\$0.02</b>	\$(0.01)
<b>Weighted average number of shares outstanding - basic and diluted (Note 10)</b>	<b>95,743,631</b>	91,539,450

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

**EAGLE PLAINS RESOURCES LTD.**  
**(An Exploration Stage Corporation)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Expressed in Canadian dollars)**

<b>For the years ended December 31</b>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Income (loss) for the year	<b>\$2,036,642</b>	\$ (481,852)
Adjustment for:		
Bad debts	<b>200</b>	1,250
Depreciation	<b>129,282</b>	127,956
Share-based payments	<b>446,822</b>	77,260
Gain on investments	<b>(301,603)</b>	(71,201)
Gain on disposal of equipment	<b>(43,579)</b>	(13,887)
Unrealized (gain) loss on investments	<b>(1,124,774)</b>	93,214
Investment income	<b>(757)</b>	(932)
Option proceeds in excess of carrying value	<b>(717,699)</b>	(487,382)
Gain on sale of NSR included in other income	<b>(75,000)</b>	-
Write down of exploration and evaluation assets	<b>54,875</b>	577,123
Premium on flow-through shares	<b>(16,487)</b>	(1,132)
Interest accretion	<b>640</b>	-
	<b>388,562</b>	(179,583)
Changes in non-cash working capital items		
(Increase) decrease in accounts receivable	<b>(258,683)</b>	146,349
(Increase) decrease in prepaid expenses	<b>20,953</b>	(10,219)
Increase (decrease) in accounts payable and accrued liabilities	<b>204,218</b>	(57,507)
Increase in prepaid and reclamation deposits	<b>49,074</b>	228,099
	<b>404,124</b>	127,139
<b>Cash flows from financing activities</b>		
Proceeds from exercise of stock options	<b>285,693</b>	-
Proceeds from financing	<b>529,060</b>	315,000
Share issue costs	<b>(1,767)</b>	(17)
Lease payments	<b>(17,652)</b>	-
	<b>795,334</b>	314,983
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	<b>639,302</b>	88,855
Purchase of reclamation bonds	<b>-</b>	(37,500)
Cash received for option payments and sale of NSR	<b>199,000</b>	221,482
Exploration and evaluation assets expenditures	<b>(598,350)</b>	(156,716)
Mineral exploration tax credits recovered	<b>-</b>	2,216
Proceeds from sale of property and equipment	<b>33,095</b>	22,400
Purchase of property and equipment	<b>(86,734)</b>	(63,194)
	<b>186,313</b>	77,543
<b>Increase in cash and cash equivalents</b>	<b>1,385,771</b>	519,665
Cash and cash equivalents, beginning of year	<b>3,450,950</b>	2,931,285
<b>Cash and cash equivalents, end of year</b>	<b>\$4,836,721</b>	\$3,450,950
<b>Cash and cash equivalents comprise:</b>		
Bank deposits	<b>\$1,331,438</b>	\$ 557,650
Term deposits	<b>3,505,283</b>	2,893,300
	<b>\$4,836,721</b>	\$3,450,950

The Company made no cash payments for income taxes.  
The Company received cash payments of \$31,071 (2019 - \$41,526) for interest.  
Supplemental Cash Flow Information (Note 14)

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

**EAGLE PLAINS RESOURCES LTD.**  
**(An Exploration Stage Corporation)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(Expressed in Canadian dollars)**

	Share Capital		Contributed Surplus	Deficit	Total
	Shares	Amount			
Balance, December 31, 2018	90,347,669	\$23,075,407	\$4,478,073	(\$20,290,046)	\$7,263,434
Shares issued for private placement	3,000,000	315,000	-	-	315,000
Share issue costs	-	(17)	-	-	(17)
Share-based payments	-	-	77,260	-	77,260
Loss for the year	-	-	-	(481,852)	(481,852)
<b>Balance, December 31, 2019</b>	<b>93,347,669</b>	<b>23,390,390</b>	<b>4,555,333</b>	<b>(20,771,898)</b>	<b>7,173,825</b>
Shares issued for private placement	1,015,000	162,400	-	-	162,400
Shares issued for flow-through financing	2,037,000	366,660	-	-	366,660
Shares issued on exercise of options	3,340,000	386,563	(100,870)	-	285,693
Shares issued for mineral property	50,000	7,750	-	-	7,750
Premium on flow-through shares	-	(40,740)	-	-	(40,740)
Share issue costs	-	(1,767)	-	-	(1,767)
Share-based payments	-	-	446,822	-	446,822
Income for the year	-	-	-	2,036,642	2,036,642
<b>Balance, December 31, 2020</b>	<b>99,789,669</b>	<b>\$24,271,256</b>	<b>\$4,901,285</b>	<b>(\$18,735,256)</b>	<b>\$10,437,285</b>

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



**December 31, 2020 and 2019**

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## **1. Nature and Continuance of Operations**

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Eagle Plains Resources Ltd. (the “Company” or “Eagle Plains” or “EPL”) was incorporated on March 30, 1994, pursuant to the Alberta Business Corporation Act (Alberta), and is extra provincially registered in the Yukon, British Columbia, the Northwest Territories and Saskatchewan. The Company is a junior resource company holding properties located in British Columbia, Yukon, the Northwest Territories and Saskatchewan for the purpose of exploring for, and the development of, mineral resources and it is considered to be in the exploration stage.

The Company also provides geological services on its properties optioned to others and properties owned by others through its subsidiary, TerraLogic Exploration Inc. (incorporated pursuant to the British Columbia Corporation Act). The gross profit reported on the consolidated statements of comprehensive income (loss) relates solely to geological services provided to third parties.

The Company’s corporate office and principal place of business is Suite 200, 44-12<sup>th</sup> Avenue South, Cranbrook, British Columbia, Canada.

These consolidated financial statements have been prepared on the basis that the Company is a going concern which envisions the Company will be able to realize assets and discharge liabilities in the normal course of operations. Recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and attain profitable production or proceeds from the disposition of the exploration and evaluation assets in excess of the carrying amount.

In 2020 there has been a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company’s operations. The Company has been able to continue with business with minimal impact, the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or future results of operations cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

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## **2. Basis of Preparation**

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### **(a) Statement of Compliance**

The consolidated financial statements for the Company for the years ending December 31, 2020 and 2019 are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Board of Directors on April 22, 2021.

### **(b) Basis of Measurement**

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss (“FVTPL”) which are stated at their fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

**December 31, 2020 and 2019**

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## **2. Basis of Preparation - continued**

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### (c) Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Financial results as determined by actual events could differ from these estimates.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates include impairment of exploration and evaluation assets; provision of reclamation and environmental obligations, if any; impairment of property and equipment; useful lives for depreciation of property and equipment; and inputs used in accounting for share-based payments in profit or loss.

Areas of significant judgment include the recognition of deferred income taxes and contingencies reported in the notes to the consolidated financial statements; and the classification of exploration and evaluation expenditures, which requires judgment in determining whether it is likely that future economic benefits will flow to the Company as this would result in the properties being shown as mines under construction instead of exploration and evaluation assets.

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## **3. Significant Accounting Policies**

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The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements. The accounting policies have been applied consistently by the Company and its wholly owned subsidiary. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

### a) Principles of consolidation Subsidiaries

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, TerraLogic Exploration Inc. ("TL"). All significant intercompany balances and transactions have been eliminated.

### b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

### c) Financial instruments

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 requires financial assets to be classified into one of the following three measurement categories on initial recognition:

- Those measured a fair value through profit and loss ("FVTPL");
- Those measured at fair value through other comprehensive income ("FVOCI"); and
- Those measured at amortized cost.

Cash and cash equivalents and investments are recorded at FVTPL and accounts receivable, reclamation bonds, accounts payable and accrued liabilities and lease liabilities, initially recognized at fair value, are subsequently recorded at amortized cost using the effective interest rate method.

December 31, 2020 and 2019

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### 3. Significant Accounting Policies - continued

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#### c) Financial instruments - continued

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

#### d) Exploration and evaluation assets

##### *Pre-exploration costs*

Pre-exploration costs are expensed in the period in which they are incurred.

##### *Exploration and evaluation expenditures*

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company enters into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

Under IFRS 6 Exploration for and Evaluation of Mineral Resources, one or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- i. The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- ii. Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- iii. Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- iv. Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties. Any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Exploration and evaluation assets are classified as intangible assets.

**December 31, 2020 and 2019**

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### **3. Significant Accounting Policies - continued**

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e) Leases

Effective January 1, 2019, the Company adopted all of the requirements of IFRS 16. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. A lessee presents interest expense on the lease liability separately from the depreciation charge for the right of use asset. Interest expense on the lease liability is a component of finance costs, which is presented separately in the consolidated statements of comprehensive income or loss.

f) Government grants and assistance

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and adjustments, if any, resulting from such a review are recorded in the period that the tax filings are amended.

Government assistance, such as the Canada Emergency Wage Subsidy, is recognized when there is reasonable assurance that the Company will comply with conditions attached to them and the government assistance will be received. The Company uses the income approach in which government assistance is recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the assistance is intended to compensate. Government assistance receivable as compensation for expenses or losses already incurred, for the purpose of giving immediate financial support to the Company, with no future related costs, shall be recognized in profit or loss in the period in which it becomes available. Government assistance is netted from the related expense in the consolidated statements of comprehensive income (loss).

g) Option agreements

Certain of the Company's activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The consolidated financial statements include the Company's interest in the assets, liabilities, revenues, expenses, and cash flows of this type of arrangement.

Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements the Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter. Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

h) Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item 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.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items. The depreciation method, useful life and residual values are assessed annually.

Depreciation is determined using the declining balance method, using the rates below which approximate the estimated useful life of the asset:

**December 31, 2020 and 2019**

### **3. Significant Accounting Policies - continued**

Automotive	30% per annum
Building	4% per annum
Computer equipment	55% per annum
Computer software	100% per annum
Fence	10% per annum
Furniture and equipment	20% per annum

Depreciation for the right-of-use assets is recorded straight-line over the lease term of the leased assets.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income (loss).

i) Investment property

The Company's real estate holdings, which include the head office building, do not meet the definition of an investment property under IAS 40 and are therefore included in property and equipment. Although a portion of the head office building is rented to third parties, under IAS 40, a portion of dual-use property is classified as investment property only if the portion could be sold or leased out separately under a finance lease. Otherwise, the entire property is classified as property and equipment unless only an "insignificant" portion is held for own use. Rental income is recorded as other income.

j) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. 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 ("CGU") to which the asset belongs. The recoverable amount is the greater of the asset's fair value less costs of disposal 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. The impairment loss is recognized in profit or loss in the statement of comprehensive income (loss) for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

k) Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant rehabilitation obligations. Refer to note 12.

l) Revenue recognition

Revenue associated with the geological services provided by the Company is recognized when services are performed under an agreement with a customer, amount is known and collection of any resulting receivable is reasonably assured.

m) Income taxes

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current

December 31, 2020 and 2019

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### 3. Significant Accounting Policies - continued

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income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### n) 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, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

#### *Valuation of equity units issued in private placements*

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

#### *Flow-through shares*

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as an other liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the other liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting period is disclosed separately as flow-through share proceeds in Note 12, if any.

The Company may also be subject to 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 financing expense until qualifying expenditures are incurred.

#### o) Per share amounts

Basic earnings per common share are computed by dividing the net income for the year by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding

**December 31, 2020 and 2019**

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### **3. Significant Accounting Policies - continued**

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used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

p) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss in the consolidated statement of comprehensive income (loss) over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss in the consolidated statement of comprehensive income (loss) over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss in the consolidated statement of comprehensive income (loss), unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

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

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

q) New accounting pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting years beginning after January 1, 2020, or later years. Updates that are not applicable or are not consequential to the Company have been excluded in the preparation of these consolidated financial statements.

The following accounting standards and amendments are effective for future periods.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023

**December 31, 2020 and 2019**

**4. Accounts Receivable**

Accounts receivable is comprised of:

	<b>December 31</b>	December 31
	<b>2020</b>	2019
Trade receivables before allowance	<b>\$ 789,624</b>	\$ 540,235
Less: allowance for doubtful accounts	<b>(284,459)</b>	(284,249)
Trade receivables, net	<b>505,165</b>	255,986
GST	<b>3,442</b>	2,041
Other	<b>17,465</b>	9,562
	<b>\$ 526,072</b>	\$ 267,589

The Company has provided an allowance for lifetime expected credit losses based on the non-ability of certain customers to meet their obligations. The Company does not hold any collateral as security.

**5. Investments**

The Company holds investments that have been designated as FVTPL as follows:

	<b>December 31, 2020</b>		December 31, 2019	
	<b>Market Value</b>	<b>Cost</b>	Market Value	Cost
Current:				
Common shares in public companies	<b>\$ 3,415,145</b>	<b>\$ 2,736,245</b>	\$ 1,926,570	\$ 2,372,444

For securities traded in an active market, market value is based on the quoted closing bid prices of the securities at December 31, 2020. Cost is calculated using the quoted closing bid price on the date of receipt of the securities.

During the year, the Company received 2,900,000 (2019 – 4,200,000) shares for the various option and property purchase agreements in effect with an attributed value of \$701,500 (2019 - \$530,490).

During the year, the Company sold investments and received proceeds of \$639,302 (2019 - \$88,855), resulting in gains on disposal of \$301,603 (2019 - \$71,201).

The Company recorded unrealized gains (losses) on investments of \$1,124,774 (2019 – \$(93,214)) in the year which is included in the consolidated statements of comprehensive income (loss).



**Eagle Plains Resources Ltd.**  
**(An Exploration Stage Corporation)**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**

December 31, 2020 and 2019

**6. Property and Equipment**

<b>Cost</b>	<b>Land</b>	<b>Automotive</b>	<b>Right-of-Use Assets</b>	<b>Building</b>	<b>Computer Equipment &amp; Software</b>	<b>Furniture &amp; Equipment</b>	<b>Fence</b>	<b>Total</b>
Balance at December 31, 2018	\$298,856	\$409,052	\$ -	\$1,023,188	\$338,488	\$456,323	\$13,360	\$2,539,267
Additions	-	4,933	-	39,246	10,032	8,983	-	63,194
Disposals	-	(56,069)	-	-	(219,392)	(87,688)	-	(363,149)
Balance at December 31, 2019	298,856	357,916	-	1,062,434	129,128	377,618	13,360	2,239,312
Additions	-	59,927	89,649	-	12,763	14,044	-	176,383
Disposals	-	(49,378)	-	-	-	-	-	(49,378)
<b>Balance at December 31, 2020</b>	<b>\$298,856</b>	<b>\$368,465</b>	<b>\$ 89,649</b>	<b>\$1,062,434</b>	<b>\$141,891</b>	<b>\$391,662</b>	<b>\$13,360</b>	<b>\$2,366,317</b>

<b>Accumulated Depreciation</b>	<b>Automotive</b>	<b>Right-of-Use Assets</b>	<b>Building</b>	<b>Computer Equipment &amp; Software</b>	<b>Furniture &amp; Equipment</b>	<b>Fence</b>	<b>Total</b>
Balance at December 31, 2018	\$206,981	\$ -	\$288,030	\$318,838	\$350,421	\$7,289	\$1,171,559
Depreciation	60,736	-	31,628	14,571	20,413	608	127,956
Disposals	(53,296)	-	-	(219,093)	(82,247)	-	(354,636)
Balance at December 31, 2019	214,421	-	319,658	114,316	288,587	7,897	944,879
Depreciation	44,631	19,868	31,005	14,021	19,211	546	129,282
Disposals	(47,882)	-	-	-	-	-	(47,882)
<b>Balance at December 31, 2020</b>	<b>\$211,170</b>	<b>\$19,868</b>	<b>\$350,663</b>	<b>\$128,337</b>	<b>\$307,798</b>	<b>\$8,443</b>	<b>\$1,026,279</b>

<b>Carrying Value</b>	<b>Land</b>	<b>Automotive</b>	<b>Right-of-Use Assets</b>	<b>Building</b>	<b>Computer Equipment &amp; Software</b>	<b>Furniture &amp; Equipment</b>	<b>Fence</b>	<b>Total</b>
At December 31, 2019	\$298,856	\$143,495	\$ -	\$742,776	\$14,812	\$89,031	\$5,463	\$1,294,433
<b>At December 31, 2020</b>	<b>\$298,856</b>	<b>\$157,295</b>	<b>\$69,781</b>	<b>\$711,771</b>	<b>\$13,554</b>	<b>\$83,864</b>	<b>\$4,917</b>	<b>\$1,340,038</b>

**December 31, 2020 and 2019**

**7. Exploration and Evaluation Assets**

During the year ended December 31, 2020, the Company made acquisition and exploration expenditures of \$562,993 (2019 - \$196,813) and received option payments and reimbursement of costs of \$825,500 (2019 - \$751,972). As a result of option payments received, the Company recorded in income, option proceeds in excess of carrying value of \$717,699 (2019 - \$487,382). A BCMETC claim of \$64,727 (2019 - \$15,050) is being claimed for the year and an adjustment of \$6,756 (2019 - decrease of \$7,010) for prior year's claim has been recorded in the current year. The Company wrote down exploration and evaluation assets of \$54,875 (2019 - \$577,123). Exploration and evaluation assets totaled \$839,640 at December 31, 2020, up from \$510,806 at December 31, 2019. See Schedule 1 – Exploration and evaluation and Schedule 2 – Acquisition and exploration additions.

The Company has interests in a number of optioned exploration projects. As at December 31, 2020, the Company has executed option agreements with third parties on the following projects:

**Option Agreements - Third party earn in British Columbia**

- (a) **Acacia Project:** On September 30, 2019, the Company executed an option agreement with 37 Capital Corp. ("37") whereby 37 may earn up to a 60% interest in the Acacia property located in central British Columbia. Under terms of the agreement, 37 may earn a 60% interest by completing \$2,500,000 in exploration expenditures and issuing 300,000 voting-class common shares to Eagle Plains over 5 years. On October 15, 2020, Eagle Plains amended the terms of the option agreement with 37 whereby Eagle Plains will receive an additional 50,000 voting class common shares of 37 in lieu of 37 not completing the required \$100,000 in exploration expenditures in 2020, and a firm commitment to incur a total of \$200,000 in exploration expenditures by August 31, 2021. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. The payments are due as follows:

Share Payments	Exploration Expenditures	Due Date
100,000	\$ -	On signing of agreement (received)
50,000	-	Amendment October 15, 2020 (received)
50,000	-	October 30, 2020 (received)
50,000	200,000	October 30, 2021 and August 31, 2021
50,000	300,000	October 30, 2022 and September 30, 2022
50,000	750,000	October 30, 2023 and September 30, 2023
-	1,250,000	September 30, 2024
350,000	\$ 2,500,000	

On April 20, 2020, the option agreement was placed in force majeure due to the Covid-19 pandemic and the declaration of a State of Emergency by the provincial government. Currently the State of Emergency is still in place.

- (b) **Donna Project:** On January 17, 2019, the Company executed an option agreement with 1149781 BC Ltd., who subsequently assigned to Cure Capital Corp. (a private B.C. company who was later renamed Summa Silver Corp and listed on the CSE) ("Summa") whereby Summa may earn up to a 60% interest in the Donna property located in south central British Columbia. Under the terms of the agreement, Summa may earn a 60% interest by completing \$3,000,000 in exploration expenditures, make cash payments totalling \$250,000 and issue 1,000,000 voting-class common shares to Eagle Plains over 5 years. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. Eagle Plains received 100,000 additional shares of Summa as consideration for the assignment to Summa. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 15,000	-	\$ -	On signing of agreement (received)
-	100,000	-	September 25, 2019 (received)
-	-	100,000	December 31, 2019 (completed)
-	100,000	-	Within 5 days of Exchange approval – February 12, 2020 - received
25,000	150,000	-	February 28, 2020 (received)
35,000	150,000	300,000	February 28, 2021

**December 31, 2020 and 2019**

**7. Exploration and Evaluation Assets - continued**

**Option Agreements - Third party earn in - continued**  
**British Columbia- continued**

(b) Donna Project – continued

Cash Payments	Share Payments	Exploration Expenditures	Due Date
-	-	600,000	December 31, 2021
50,000	200,000	-	February 28, 2022
-	-	750,000	December 31, 2022
60,000	200,000	-	February 28, 2023
-	-	1,250,000	December 31, 2023
65,000	200,000	-	February 28, 2024
<u>\$ 250,000</u>	<u>1,100,000</u>	<u>\$ 3,000,000</u>	

On June 29, 2020, EPL executed an agreement with Summa whereby Summa relinquished its option on the property in return for the re-purchase of 200,000 Summa shares for \$30,000, and the claims are now held 100% by EPL.

(c) **Iron Range Project:** On May 5, 2020, the Company executed an option agreement with a private Alberta company (“AB”), whereby AB may earn up to an 80% interest in the Iron Range property located in south central British Columbia. Under the terms of the agreement, AB may earn a 60% interest (Phase I) by completing \$3,500,000 in exploration expenditures and making cash payments totalling \$250,000 to Eagle Plains over 5 years. AB retains the right to increase its interest to 80% by making a one-time cash payment of \$1,000,000 to Eagle Plains within 90 days of completion of Phase I. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. Payments are due as follows:

Cash Payments	Exploration Expenditures	Due Date
\$ 5,000	-	On signing of agreement May 4, 2020 (received)
15,000	150,000	May 4, 2021
35,000	325,000	May 4, 2022
50,000	650,000	May 4, 2023
65,000	1,000,000	May 4, 2024
80,000	1,375,000	May 4, 2025
<u>\$250,000</u>	<u>\$ 3,500,000</u>	

(d) **Kalum Project:** On August 13, 2020, the Company executed an option agreement with Rex Resources Corp. (a private B.C. company) (“Rex”), whereby Rex may earn up to a 60% interest in the Kalum property located in northwestern British Columbia. Under the terms of the agreement, Rex may earn a 60% interest by completing \$3,000,000 in exploration expenditures, making cash payments totalling \$250,000 and issue 1,000,000 common shares to EPL over a three-year period. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. Eagle Plains will retain a 2.0% NSR Royalty with Rex having the option to repurchase 1.0% of the NSR Royalty for \$1.0 million. Payments are due as follows:

Cash Payments	Share Payments	Expenditures	Due Date
\$ 10,000	-	-	On execution of LOI (received)
15,000	-	-	On execution of agreement (received)
-	200,000	-	On Exchange approval of listing of shares (not listed as of date of these consolidated financial statements)
-	-	100,000	December 31, 2020 (completed)
25,000	200,000	-	April 30, 2021
50,000	200,000	500,000	December 31, 2021
75,000	200,000	800,000	December 31, 2022
75,000	200,000	1,600,000	December 31, 2023
<u>\$ 250,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

December 31, 2020 and 2019

**7. Exploration and Evaluation Assets - continued**

**Option Agreements - Third party earn in - continued**  
**British Columbia- continued**

- (e) **Vulcan Project:** On September 26, 2020, the Company executed an option agreement with Brascan Gold Corp. (a private B.C. company) ("Brascan"), whereby Brascan may earn up to a 60% interest in the Vulcan property located in southeastern British Columbia. Under the terms of the agreement, Brascan may earn a 60% interest by completing \$4,000,000 in exploration expenditures, making cash payments totalling \$500,000 and issue 1,000,000 common shares to EPL over a four-year period. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. Eagle Plains will retain a 2.0% NSR Royalty with Brascan having the option to repurchase 1.0% of the NSR Royalty for \$1.0 million. Payments are due as follows:

Cash Payments	Share Payments	Expenditures	<u>Due Date</u>
\$ 10,000	-	\$ -	On execution of agreement (received)
15,000	200,000	-	On Exchange approval of listing of shares (not listed as of the date of these consolidated financial statements)
25,000	200,000	100,000	June 30, 2021
65,000	200,000	600,000	December 31, 2021
100,000	200,000	800,000	December 31, 2022
285,000	200,000	1,000,000	December 31, 2023
-	-	1,500,000	December 31, 2024
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 4,000,000</u>	

**Saskatchewan**

- (f) **Cathro Project:** On February 10, 2020, the Company executed an agreement with SKRR Exploration Inc. ("SKRR") whereby SKRR has the exclusive right to acquire from Eagle Plains a 100% interest in the Cathro gold exploration project (the "Project"), located approximately 50km northeast of La Ronge, Saskatchewan. Under terms of the option agreement, SKRR may acquire a 100% interest in the Project by making a cash payment of \$4,000 and transferring to EPL an initial 250,000 shares in the capital of SKRR to Eagle Plains on receipt of regulatory approval (received). SKRR has agreed to make additional share payments to EPL of 650,000 shares over a 4 year period. Eagle Plains will retain a 2.0% NSR Royalty with SKRR having the option to repurchase 1.0% of the NSR Royalty for \$1.0 million. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. Payments are due as follows:

Cash Payments	Share Payments	<u>Due Date</u>
\$ 4,000	250,000	On Exchange acceptance (received)
-	250,000	February 13, 2021 (received subsequent to year-end)
-	100,000	February 13, 2022
-	100,000	February 13, 2023
-	100,000	February 13, 2024
-	100,000	February 13, 2025
<u>\$ 4,000</u>	<u>900,000</u>	

- (g) **Knife Lake Project:** On October 31, 2018, Eagle Plains and Rockridge Resources Ltd. ("Rockridge") entered into an option agreement whereby Rockridge may earn a 100% interest in Eagle Plains' 100%-owned Knife Lake Project, located northwest of the community of Sandy Bay, Saskatchewan. To earn a 100% interest, Rockridge has agreed to make a cash payment to Eagle Plains of \$150,000, issue 5,250,000 common shares of Rockridge and complete \$3,250,000 in exploration expenditures over four years. On August 12, 2020, the Company extended the due date on the second anniversary exploration expenditures and received 300,000 shares from Rockridge as consideration. Eagle Plains will retain a 2.5% net smelter royalty ("NSR") on certain claims which comprise the project (a third party holds a 1% NSR on certain claims on the project). Rockridge may purchase 1.5% of the NSR for \$2,000,000. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. Payments are as follows:

**December 31, 2020 and 2019**

**7. Exploration and Evaluation Assets - continued**

**Option Agreements - Third party earn in - continued**  
**Saskatchewan - continued**

(g) Knife Lake Project – continued

Cash Payments	Share Payments	Expenditures	Due Date
\$ 150,000	2,000,000	\$ -	On Exchange acceptance (received)
-	750,000	750,000	January 2, 2020 (received /expended)
-	300,000	-	Amendment August 12, 2020 (received)
-	750,000	-	January 2, 2021 (received subsequent to year-end)
-	-	750,000	July 2, 2021
-	750,000	750,000	January 2, 2022
-	1,000,000	1,000,000	January 2, 2023
<u>\$ 150,000</u>	<u>5,550,000</u>	<u>\$ 3,250,000</u>	

(h) **Olson Project:** On October 24, 2019, the Company executed an option agreement with Canex Energy Corp. (subsequently renamed SKRR Exploration Inc.) (“SKRR”) whereby SKRR may earn up to a 75% interest in the Olson property located east of La Ronge, northern Saskatchewan. Under terms of the agreement, SKRR may earn 51% interest in the property by completing exploration expenditures of \$1,500,000, making cash payments of \$250,000 and issuing 800,000 voting class common shares to EPL over a 3 year period. SKRR may earn up to an additional 24% interest (75% total) in the property by making additional exploration expenditures of \$1,500,000 and issuing 200,000 common shares of SKRR to Eagle Plains on or before December 31, 2023. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. Payments for the initial 51% interest are due as follows:

Cash Payments	Share Payments	Expenditures	Due Date
\$ 10,000	-	\$ -	On signing of LOI (received)
20,000	200,000	-	Upon TSXV approval – January 21, 2020 (received) December 31, 2020 (received subsequent to year-end/completed)
40,000	200,000	200,000	
80,000	200,000	500,000	December 31, 2021
100,000	200,000	800,000	December 31, 2022
<u>\$ 250,000</u>	<u>800,000</u>	<u>\$ 1,500,000</u>	

**Other Agreements**

(i) **Dictator Project:** On September 29, 2020, Eagle Plains executed an option agreement with Aurum Vena Mineral Resources Corp. whereby EPL may earn up to a 100% interest in the Dictator (formerly Lightning Peak) property located south of the Donna project. Under the terms of the agreement, EPL will make exploration expenditures totalling \$150,000, cash payments of \$70,000 and share payments of 250,000 shares over a five-year period to earn its interest. A one percent net smelter return royalty will be reserved for the vendor, which may be purchased by Eagle Plains for \$1,000,000. Payments are due as follows:

Cash Payments	Share Payments	Expenditures	Due Date
\$ 10,000	-	\$ -	On execution of agreement (paid)
-	50,000	-	Upon exchange acceptance (issued)
-	-	25,000	December 31, 2020 (completed)
15,000	50,000	50,000	December 31, 2021
15,000	50,000	75,000	December 31, 2022
15,000	50,000	-	December 31, 2023
15,000	50,000	-	December 31, 2024
<u>\$ 70,000</u>	<u>250,000</u>	<u>\$ 150,000</u>	

**December 31, 2020 and 2019**

**7. Exploration and Evaluation Assets - continued**

**Other Agreements - continued**

- (j) **Manson Bay Project:** On August 31, 2020, the Company executed an agreement with SKRR Exploration Inc. ("SKRR") to sell the Manson Bay property to SKRR in consideration for \$10,000 cash and 750,000 shares of SKRR which were received. Eagle Plains will retain a 2.0% net smelter royalty, of which SKRR has the right to purchase 1.0% of the NSR for \$1.0 million.
- (k) **North Lake Claims:** On October 8, 2019, the Company executed an agreement with MAS Gold Corp. (MAS) to sell the North Lake claim group to MAS in consideration for \$1,500 cash and 300,000 shares of MAS which were received in March 2021 upon acceptance of the transaction by the exchange. Eagle Plains will retain a 2.0% net smelter royalty, of which MAS has the right to purchase 1.0% of the NSR for \$1.0 million.

**Property Agreements – Other Saskatchewan**

- (l) **Axis Lake:** On October 7, 2019, the company completed a sale to ALX Uranium Corp. of 31 individual dispositions in the Athabasca region of northern Saskatchewan. Under terms of the agreement, ALX will assume a 100% interest in the claims for consideration of \$20,000 cash (received) and 2,000,000 common shares of ALX (received). Eagle Plains will retain a 2.0% net smelter royalty, of which ALX has the right to purchase 1.0% of the NSR for \$2.0 million.
- (m) **Preview Lake:** On October 10, 2019, the Company and MAS Gold Corp. ("MAS") executed a formal agreement whereby MAS purchased a 100% undivided interest in the Preview Lake Claims located approximately 50km north of La Ronge, Saskatchewan. Under the terms of the agreement (subject to regulatory approval), MAS will acquire a 100% interest in the 3 individual tenures by issuing to Eagle Plains a total of 300,000 common shares (received) and make a cash payment \$1,500 (received). Eagle Plains shall be entitled to a royalty of 2% of net smelter returns with a buyback to 1% upon payment of \$1.0 million.
- (n) **Schotts Lake:** On October 8, 2019, the Company traded one Ithingo Lake claim to Edge Geological Consulting Inc. ("Edge") and paid \$6,000 as consideration for 4 claims in the Schotts Lake area. The Company is retaining a 2% NSR on the Ithingo claim while Edge will hold a 2% NSR on the Schotts claims.
- (o) **Wollaston Lake:** The Company received the fourth and final payment of \$25,000 in March 2020 from Burkehill Uranium Corp. for the Wollaston property sale agreement.

**8. Lease Liabilities and Right-of-Use Assets**

The Company has lease liabilities and right-of-use ("ROU") assets recognized. As at December 31, 2020, lease liabilities include truck leases and the ROU assets are depreciated over the term of the respective leases.

During the year, \$19,868 (2019 - \$nil) was recorded as depreciation of the ROU assets and \$640 (2019 - \$nil) was recorded as interest, included in administration costs.

The following schedule provides details of the lease liabilities at December 31, 2020:

Lease payments due	
2021	\$ 26,907
2022	26,009
2023	<u>9,255</u>
Future lease payments	62,171
Less: imputed interest	<u>(1,514)</u>
	60,657
Current portion	<u>(25,971)</u>
	<u>\$ 34,686</u>

**December 31, 2020 and 2019**

**9. Equity Instruments**

(a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

(b) Issued and outstanding

At December 31, 2020, there were 99,789,669 (2019 – 93,347,669) shares outstanding.

- In the fourth quarter, the Company issued 440,000 shares for the exercise of options, receiving proceeds of \$44,000, of which \$14,667 was paid to Taiga Gold Corp. per the 2018 Plan of Arrangement.
- On October 20, 2020, the Company issued 50,000 shares, valued at \$7,750, for the earn-in of a mineral property.
- On September 25, 2020, the company completed a flow-through financing, issuing 2,037,000 shares for proceeds of \$366,660.
- On September 25, 2020, the company completed a non-flow-through financing, issuing 1,015,000 shares for proceeds of \$162,400.
- In the third quarter, the Company issued 860,000 shares for the exercise of options, receiving proceeds of \$86,040, of which \$28,680 was paid to Taiga Gold Corp. per the 2018 Plan of Arrangement.
- During May and June 2020, the Company issued 2,040,000 shares for the exercise of options receiving proceeds of \$298,500, of which \$99,500 was paid to Taiga Gold Corp. per the 2018 Plan of Arrangement.
- On August 9, 2019, the Company issued 3,000,000 shares pursuant to a private placement receiving proceeds of \$315,000.

(c) Stock Option Plan

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

During the year, the Company granted incentive stock options to directors, employees and key consultants of the Company for the purchase of a total of 4,800,000 shares at an exercise price of \$0.20 per share, with 2,600,000 expiring May 29, 2025 and 2,200,000 expiring October 5, 2025, pursuant to the Company's current option plan. With respect to the 2,600,000 stock options, 2,450,000 vest immediately and 150,000 vest in four equal instalments every 3 months after grant date. With respect to the 2,200,000 stock options, 2,100,000 vest immediately and 100,000 vest in four equal instalments every 3 months after grant date.

During the years ended December 31, 2020 and 2019, the Company had the following stock option activities:

	Number of Options	Option Price per Share Range	Weighted Average Exercise Price
Total issued and outstanding			
Balance, December 31, 2019	8,235,000	\$0.10 - \$0.15	\$0.14
Granted	4,800,000	0.20	0.20
Exercised	(3,340,000)	(0.10 - 0.15)	(0.13)
Expired	(745,000)	(0.10 - 0.15)	(0.11)
Cancelled	(180,000)	(0.10 - 0.15)	(0.15)
<b>Balance, December 31, 2020</b>	<b>8,770,000</b>	<b>\$0.15 - \$0.20</b>	<b>\$0.18</b>

**December 31, 2020 and 2019**

**9. Equity Instruments - continued**

Balance, December 31, 2018	8,295,000	\$0.10 - \$0.30	\$0.19
Granted	800,000	0.15	0.15
Cancelled	(860,000)	(0.10 - 0.30)	(0.18)
Balance, December 31, 2019	8,235,000	\$0.10 - 0.15 <sup>(1)</sup>	\$0.14

<sup>(1)</sup>See below for options repriced to \$0.15 on July 4, 2019 from \$0.20 - \$0.30.

The weighted average share price on the date the options were exercised was \$0.15 (2019 – no exercise).

At December 31, 2020, the following table summarizes information about stock options outstanding:

Options Outstanding December 31, 2020	Exercise Price	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life
1,420,000	\$ 0.15 <sup>(1)</sup>	March 13, 2022	1,420,000	1.20 years
500,000	\$ 0.15 <sup>(1)</sup>	June 15, 2022	500,000	1.45 years
1,365,000	\$ 0.15 <sup>(1)</sup>	February 19, 2023	1,365,000	2.15 years
700,000	\$ 0.15	July 4, 2024	700,000	3.50 years
2,585,000	\$ 0.20	May 29, 2025	2,525,000	4.40 years
2,200,000	\$ 0.20	October 5, 2025	2,100,000	4.75 years
<b>8,770,000</b>			<b>8,610,000</b>	<b>3.38 years</b>

<sup>(1)</sup>These options were repriced to \$0.15 on July 4, 2019 from \$0.20 - \$0.30. All other terms remain unchanged.

The weighted average remaining life of the outstanding stock options at December 31, 2020 is 3.38 years (2019 – 1.86 years)

(d) Share-based payments for share options

During the year ended December 31, 2020, \$446,822 (2019 – \$77,260) was recorded as share-based payments related to options granted and vested during the year. Compensation expense has been determined based on the estimated fair value of the options at the grant dates and amortized over the vesting year.

The Company valued the options granted in the year using the Black-Scholes model and the following weighted average assumptions:

	2020 Granted	2019 Granted	2019 Re-priced
Expected annual volatility	<b>78.79%</b>	76.46%	65.27%
Expected risk free rate	<b>0.46%</b>	2.08%	1.59%
Expected term	<b>5 years</b>	5 years	3.09 years
Expected dividends	-	-	-
Share price at date of grant	<b>\$0.165</b>	\$0.09	\$0.085
Exercise price	<b>\$0.20</b>	\$0.15	\$0.15

Expected volatility is estimated using the historical stock price of the Company.

(e) Warrants outstanding

During the year, the Company issued 1,526,000 warrants, each whole warrant exercisable at \$0.30 for a 24-month period, in conjunction with the financing, completed on September 25, 2020. The warrants expire on the earlier expiry date (the "Expiry Date") of (i) September 25, 2022 or (ii) 30 days from the date the holder receives notice from the Company that the trading price of the common shares has closed each day for a period of 20 consecutive trading days at \$0.50 per common share or higher.



**December 31, 2020 and 2019**

**9. Equity Instruments - continued**

During the years ended December 31, 2020 and 2019, the Company had the following warrant activities:

Total issued and outstanding	Number of Options	Option Price per Share Range
Balance, December 31, 2019	4,434,000	\$0.40
Issued	1,526,000	\$0.30
<b>Balance, December 31, 2020</b>	<b>5,960,000</b>	<b>\$0.30 - \$0.40</b>

Total issued and outstanding	Number of Options	Option Price per Share Range
Balance, December 31, 2018 and December 31, 2019	4,434,000	\$0.40

At December 31, 2020, the following table summarizes information about warrants outstanding:

Warrants Outstanding December 31, 2020	Exercise Price	Expiry Date	Weighted Average Remaining Life
4,434,000	\$ 0.40	February 7, 2021 <sup>(1)</sup>	0.10 years
1,526,000	\$ 0.30	September 25, 2022	1.73 years
<b>5,960,000</b>			<b>0.52 years</b>

<sup>(1)</sup>On February 1, 2021 the Company extended the warrants expiry date from February 7, 2021 to a revised date of February 7, 2022. All other terms remain unchanged.

(f) Financings

On September 25, 2020, the Company closed a non-brokered public offering. The financing was offered to arms-length and non-arm's length investors and was comprised of 1,015,000 non-flow-through units and 2,037,000 flow-through units for a total issuance of 3,052,000 shares and gross proceeds of \$529,060. Non-flow-through units were sold at a price of \$0.16 per unit, each unit consisting of a non-flow-through common share and one-half non-flow-through common share purchase warrant, each whole warrant exercisable at \$0.30 for a 24-month period, subject to accelerated expiry as noted in note 9(e). Flow-through units were sold at a price of \$0.18 per unit, each unit consisting of a flow-through common share and a one-half non-flow-through common share purchase warrant, each whole warrant exercisable at \$0.30 for a 24-month period, subject to accelerated expiry as noted in note 9(e).

On issuance, the Company bifurcated the flow-through share into i) a flow-through share premium in the amount \$40,740, equal to the estimated premium investors pay for the flow-through feature, which is recognized as an other liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the other liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

On August 9, 2019, the Company closed a non-brokered private placement to an arms-length institutional investor. The Company issued 3,000,000 non-flow-through common shares at a price of \$0.105 per share for gross proceeds of \$315,000. Shares issued in the financing are subject to a four-month hold period. No warrants were attached and no finder's fees or commissions were paid in association with the financing. Shares were purchased by Zeta Resources Ltd. ("Zeta"), a closed-end investment company listed on the Australian Stock Exchange ("ASX").

**December 31, 2020 and 2019**

**10. Per Share Amounts**

The calculation of per share amounts have been calculated based on the weighted average number of shares outstanding during the year ended December 31, 2020 of 95,733,396 shares (2019 – 91,539,450). The net effect of applying the treasury-stock method to the weighted average number of shares outstanding did not impact EPS significantly for 2020, and had an anti-dilutive effect for the year ended December 31, 2019.

**11. Related Party Transactions**

The Company was involved in the following related party transactions during the year:

- (a) The Company is related to Taiga Gold Corp. (“Taiga”) through common directors. During the year the Company had the following transactions with the related company:

	2020	2019
Administrative services provided by EPL	\$ 57,672	\$ 57,672
Costs reimbursed to EPL*	\$ 324,808	\$ 37,989
Exploration services provided by EPL	\$ 142,661	\$287,704
Proceeds to Taiga from exercise of EPL options	<b>\$(142,807)</b>	\$ -

\*Includes \$282,749 for spin-out costs recovered from Taiga Gold per the 2018 Plan of Arrangement. At December 31, 2020, \$19,442 (2019 - \$74,528) is included in accounts receivable. At December 31, 2020, \$23,467 (2019 - \$nil) is included in accounts payable and accrued liabilities.

- (b) Included in professional fees is \$17,635 (2019 - \$10,887) paid or accrued for legal fees to a law firm of which one of the directors, Darren Fach, is a partner.

Compensation to key management personnel in the year:

	2020	2019
Administration costs		
Management fees	\$ 105,000	\$ 90,000
Wages and benefits	75,597	78,760
Director fees	22,500	-
Professional fees	49,500	45,000
Share-based payments	291,260	30,375
	<b>\$ 543,857</b>	<b>\$ 244,135</b>

- (c) Included in administration costs is \$105,000 (2019 - \$90,000) paid or accrued for management services to a company owned by a director and officer of the Company.
- (d) Included in administration costs is \$75,597 (2019 - \$78,760) paid or accrued for wages and benefits to a director and officer of the Company.
- (e) Included in professional fees is \$49,500 (2019 - \$45,000) paid or accrued for accounting services to a director and officer of the Company.
- (f) Director fees of \$22,500 (2019 - \$nil) were paid to two directors of the Company.
- (g) The Company granted 3,000,000 (2019 – 300,000) options, with exercise prices of \$0.20 (2019 - \$0.15) and expiry dates of May 29, 2025 and October 5, 2025 (2019 - July 4, 2024), to directors of the Company and recorded share-based payments of \$291,260 (2019 - \$13,993).
- (h) The company re-priced nil (2019 - 1,720,000) options, with exercise prices of \$nil (2019 - \$0.20 to \$0.30), and expiry dates of nil (2019 - March 13, 2022, June 15, 2022 and February 19, 2023), to directors of the Company and recorded share-based payments of \$nil (2019 - \$16,382).

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment unless otherwise specified.

**December 31, 2020 and 2019**

**12. Commitments and Contingencies**

The Company has \$99,289 (2019 - \$98,532) held as project reclamation deposits in favor of regulatory authorities. The amount of the deposit is determined at the time the exploration program is planned and a notice of work is submitted to the regulatory authority. If the work is more extensive than previously planned, the amount of the deposit will be increased. When reclamation work is completed on a project to the satisfaction of the regulatory authority, the deposit is released to the Company.

The Company is committed to incur exploration expenditures of \$218,277 (2019 - \$nil) by December 31, 2021 to meet renouncement requirements from the issuance of flow-through shares in September 2020.

The Company is party to an option agreement wherein it has a commitment to make option payments of \$15,000 cash and issue 50,000 shares per year over the next four years and make exploration expenditures of \$50,000 in 2021 and \$75,000 in 2022 if it decides to continue with the option agreement.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification. The Company has included in officers' management contracts a change of control clause that would entitle them to compensation of twelve (12) months' salary should such an event occur.

**13. Financial Instruments**

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 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
<b>Cash and cash equivalents</b>	\$ 4,836,721	\$ -	\$ -	\$ 4,836,721
<b>Investments</b>	\$ 3,415,145	\$ -	\$ -	\$ 3,415,145
<hr/>				
<hr/>				
<b>December 31, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,450,950	\$ -	\$ -	\$ 3,450,950
Investments	\$ 1,926,570	\$ -	\$ -	\$ 1,926,570

As disclosed in Note 3(c), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, currency risk, price risk and commodity price risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

**December 31, 2020 and 2019**

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**13. Financial Instruments - continued**

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a) Concentration risk

At December 31, 2020 and 2019, substantially all of the Company's cash was held at two recognized Canadian National financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions. Concentration risk also exists in marketable securities (investments) because the Company's investments are primarily in shares of junior resource companies involved in gold exploration.

b) Credit risk

The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness.

The maximum credit exposure associated with accounts receivable is the carrying value on the consolidated statement of financial position.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the counterparty to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

c) Currency risk

Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At December 31, 2020, the Company had cash of \$5,914 (2019 - \$3,001) in US\$. The Company is not exposed to significant currency risk.

d) Price risk

The Company's investments designated as FVTPL are traded on the TSX Venture, TSE and CSE. A 1% change in the cumulative quoted share price would change the fair value of the investments by approximately \$34,000 (2019 - \$19,000). The change would be recorded in the statements of comprehensive income (loss).

e) Commodity price risk

The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

f) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of December 31, 2020 equal \$388,582. All of the liabilities presented as accounts payable and accrued liabilities are due within 30 days of December 31, 2020.

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**14. Supplemental Cash Flow Information**

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Non-cash investing and financing activities:

- (a) Pursuant to certain mineral property option agreements, the Company received 2,900,000 (2019 – 4,200,000) shares with an attributed value of \$701,500 (2019 - \$530,490).
- (b) Pursuant to certain mineral property option agreements, the Company issued 50,000 (2019 – nil) shares for the acquisition of a mineral property with an attributed value of \$7,750 (2019 - \$nil).
- (c) During the year the Company acquired automotive equipment totalling \$89,649 by leases and trading in existing equipment with a trade-in value of \$11,980.

**December 31, 2020 and 2019**

**14. Supplemental Cash Flow Information - continued**

- (d) Included in accounts payable and accrued liabilities is \$nil (2019 - \$43,107) related to exploration and evaluation assets.

**15. Disaggregation of revenue**

The Company earns revenue from the performance of one type of service, being geological and exploration services. Further, its customers are exploration companies based in Canada.

**16. Capital Management**

The Company includes cash and cash equivalents and shareholders' equity, comprising of issued common shares, accumulated other comprehensive income (loss), contributed surplus and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2020 and 2019. The Company is not subject to externally imposed capital requirements.

**17. Canada Emergency Wage Subsidy**

In response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to a maximum per employee, to eligible employers based on meeting certain eligibility criteria. The Company has determined that it has qualified for this subsidy. The Company has recognized the government grant as there is reasonable assurance that it will comply with the eligibility criteria. Included in administration costs for the year ended December 31, 2020 is \$197,470 relating to the CEWS program in order to reduce the expense that the grant is intended to offset.

**18. Income Taxes**

As of December 31, 2020 and 2019, the effective tax rate of income varies from the statutory rate as follows:

	2020	2019
Income (loss) before income taxes	\$2,036,642	\$(481,852)
Statutory tax rates	27.0%	27.0%
Tax expense (recovery) at statutory rate	549,900	(130,100)
Non-deductible expenses/(non taxable income)	(77,700)	26,100
Tax benefits (recognized) unrecognized	(472,200)	104,000
Deferred income tax recovery	\$ -	\$ -

**Eagle Plains Resources Ltd.**  
**(An Exploration Stage Corporation)**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**

**December 31, 2020 and 2019**

**18. Income Taxes - continued**

The components of the Company's deferred income tax asset (liability) are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of deferred income tax asset	2020	2019
Property and equipment	\$ 12,000	\$ 17,000
Exploration and evaluation assets	1,014,000	909,000
Investments and other	21,000	184,000
Non-capital tax losses	768,000	1,193,000
Capital tax losses	205,000	238,000
Deferred income tax assets	2,020,000	2,541,000
Unrecognized deferred tax assets	(2,020,000)	(2,541,000)
Deferred income tax liability	\$ -	\$ -

As of December 31, 2020, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future taxable income at rates prescribed by the Canadian Income Tax Act:

	2020	2019
Undepreciated capital cost	\$ 1,016,000	\$ 1,060,000
Non-capital tax losses	2,843,000	4,420,000
Capital tax losses	1,525,000	1,756,000
Cumulative Canadian exploration and development expenses	4,758,000	4,010,000
	<u>\$ 10,142,000</u>	<u>\$ 11,246,000</u>

At December 31, 2020 the non-capital tax losses of \$2,843,000 (2019 - \$4,420,000) available for carry-forward to reduce future years' taxable income, expiring:

\$428,000	expires 2033
384,000	expires 2034
525,000	expires 2035
479,000	expires 2036
378,000	expires 2037
620,000	expires 2038
29,000	expires 2039
<u>\$2,843,000</u>	

**19. Subsequent Events**

On February 1, 2021, the TSX Venture Exchange approved and accepted the Company's application to extend the expiry date for an additional 12 months, to a revised date of February 7, 2022, on 4,434,000 outstanding common share purchase warrants which were issued in connection with a non-brokered private placement completed in February 2018. The exercise price and acceleration clause of the warrants remain unchanged, at \$0.40 per warrant.

In January 2021, the Company received \$40,000 cash and 200,000 shares valued at \$50,000 per the Olson option agreement.

In January 2021, the Company received 750,000 shares valued at \$93,750 per the Knife Lake option agreement.

In February 2021, the Company received 250,000 shares valued at \$60,000 per the Cathro option agreement.

**Eagle Plains Resources Ltd.**  
**(An Exploration Stage Corporation)**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**

**December 31, 2020 and 2019**

**Schedule 1 - Exploration and evaluation assets**

	December 31 2019	Acquisition and Exploration	Grants, Option Payments & Mineral Tax Credits	Option proceeds in excess of carrying value	Write down of mineral properties	December 31 2020
British Columbia	\$420,461	\$383,321	\$(163,483)	\$34,936	\$(39,280)	<b>\$635,955</b>
NW Territories	183	-	-	-	-	<b>183</b>
Saskatchewan	88,022	179,672	(733,500)	682,763	(15,595)	<b>201,362</b>
Yukon Territory	2,140	-	-	-	-	<b>2,140</b>
	<b>\$510,806</b>	<b>\$562,993</b>	<b>\$(896,983)</b>	<b>\$717,699</b>	<b>\$(54,875)</b>	<b>\$839,640</b>

	December 31 2018	Acquisition and Exploration	Grants, Option Payments & Mineral Tax Credits	Option proceeds in excess of carrying value	Write down of mineral properties	December 31 2019
British Columbia	\$882,926	\$93,515	\$ (23,512)	\$ -	\$(532,468)	\$420,461
NW Territories	183	-	-	-	-	183
Saskatchewan	280,637	56,897	(736,500)	487,382	(394)	88,022
Yukon Territory	-	46,401	-	-	(44,261)	2,140
	<b>\$1,163,746</b>	<b>\$196,813</b>	<b>\$(760,012)</b>	<b>\$487,382</b>	<b>\$(577,123)</b>	<b>\$510,806</b>

**Schedule 2 – Acquisition and exploration additions**

January – December 2020	British Columbia	Saskatchewan	Total
Analytical	\$ 19,329	\$ 5,044	\$ 24,373
Consultations	-	4,910	4,910
Drilling	118,933	-	118,933
Equipment rental	6,748	1,715	8,463
Geological and Geochemical	19,243	835	20,078
Geophysical	45,885	-	45,885
Labour	85,045	49,195	134,240
Transportation	7,762	24,951	32,713
Travel and camp	23,405	12,436	35,841
Tenure and acquisitions	56,971	80,586	137,557
	<b>\$383,321</b>	<b>\$179,672</b>	<b>\$562,993</b>

January – December 2019	British Columbia	Saskatchewan	Yukon & NWT	Total
Analytical	\$ 11,296	\$ 1,747	\$ 1,605	\$ 14,648
Consultations	-	2,824	-	2,824
Equipment rental	314	(685)	3,024	2,653
Geophysical	34,000	5,400	-	39,400
Geological and Geochemical	408	-	-	408
Labour	23,265	13,465	-	36,730
Transportation	9,771	6,297	30,935	47,003
Travel and camp	1,060	7,661	7,335	16,056
Tenure and acquisitions	13,401	20,188	3,502	37,091
	<b>\$ 93,515</b>	<b>\$ 56,897</b>	<b>\$ 46,401</b>	<b>\$196,813</b>