Management's Discussion and Analysis

For the year ended December 31, 2020

The following Management's Discussion and Analysis ("MD&A") was prepared as at April 15, 2021 and provides a discussion and analysis of the financial condition and results of operations for the year ended December 31, 2020. This discussion should be read in conjunction with the Company's financial statements and accompanying notes for the year ended December 31, 2020 and 2019.

References to the first, second, third and fourth quarters refer to the three months ended March 31, June 30, September 30 and December 31 of the respective years.

Goldstar is listed on the TSX Venture Exchange and trades under the symbol "GDM".

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. The Company's public filings can be reviewed under the Company's profile on the SEDAR website (www.sedar.com).

Benoit Moreau P.Eng., is a Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the scientific and technical disclosure in this MD&A.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

The information presented contains "forward-looking information" under applicable Canadian legislation, concerning the business, operations and financial performance and condition of the Company. Forward-looking information include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources; the realization of mineral reserve estimates; the timing and amount of estimated future exploration; costs of exploration; metal prices and demand for materials; capital expenditures; success of exploration and development activities; permitting time lines and permitting, mining or processing issues; government regulation of mining operations; environmental risks; and title disputes or claims. Generally, forward-looking statements and forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "does not anticipate",, "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including, but not limited to, unexpected events during operations; variations in ore grade; risks inherent in the mining industry; delay or failure to receive board approvals; timing and availability of external financing on acceptable terms; risks relating to international operations; actual results of exploration activities; conclusions of economic valuations; changes in project parameters as plans continue to be refined; and fluctuating metal prices and currency exchange rates. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information that is incorporated by reference herein, except in accordance with applicable securities laws.

Investors are advised that National Instrument 43-101 of the Canadian Securities Administrators requires that each category of mineral reserves and mineral resources be reported separately. Mineral resources that are not mineral reserves have not demonstrated economic viability.

THE COMPANY

Goldstar Minerals Inc. is a public Canadian natural resource exploration and development company. The Company is focused on developing deposits that contain gold and technology metals in leading mining jurisdictions in Canada. The Company holds seven mining properties, these being the Lake George Property and the Victoria Lake Property located in the Province of New Brunswick, the Anctil Property, Nemenjiche Property, Fortune Property, and Panache North Property located in the Province of Québec, and the Prince Property located in the province of Newfoundland.

OVERVIEW AND OUTLOOK

An outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets at the date of completion of the financial statements.

These events are likely to cause significant changes to the assets or liabilities in the coming year or to have a significant impact on future operations. Following these events, the Company has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.

The Company is currently not able to access its properties in New Brunswick due to travel restrictions in response to the COVID-19 pandemic. As a result, the Company will focus on its Quebec properties in the interim.

On September 3, 2020, the Company completed a non-brokered private placement financing. The Company issued a total of 4,666,663 units at a price of $0.15 per unit and 3,000,000 flow-through shares at a price of $0.20 per share for aggregate gross proceeds of $1,300,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.20 until September 2, 2023. At closing, in respect to the subscriptions of units, the Company paid a cash finder's fee of $34,839 and issued finder's warrants exercisable to acquire 232,261 units at a price of $0.15 per unit until September 2, 2023. The Company accounted for these compensation warrants by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of warrants granted was $0.15238 per warrant for a total value of $35,392. At Closing, in respect to the subscriptions of flow-through shares, the Company issued 178,000 finders' units, each comprised of one common share and one warrant exercisable to acquire 178,000 common shares at a price of $0.20 per share until September 2, 2023. The fair value of the compensation warrants is calculated by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of the common shares was $0.05532 per share for a total value of $9,846, and the weighted average fair value of the warrants granted was $0.14468 per warrant for a total value of $25,754.

The proceeds raised from the issue of units were used to retire trade payables, fund an option payment on the Anctil and Nemenjiche properties located in the province of Québec, and cover administrative overhead. The proceeds from the flow-through shares are being used to incur Canadian exploration expenses on the Anctil and Nemenjiche properties.

The Company completed a prospecting campaign on both the Anctil and Nemenjiche properties stretching on both sides of the presumed position of the Druillettes syncline. In addition, the Company completed an airborne geophysics survey on both the Anctil and Nemenjiche properties. A total of 1,095 line kilometres were flown, 517 line kilometres for Anctil and 578 line kilometres for Nemenjiche.

On December 7, 2020, the Company entered into a Purchase and Sale Agreement with Claimhunt Inc. with respect to the Fortune, Panache North, and Prince properties for the acquisition of 100% interest in the properties. In consideration for these properties, the Company paid $30,000 cash and issued 200,000 common shares at a price of $0.02 per share.

In March 2021, the Company has applied for and has received an additional $20,000 under the Canada Emergency Business Account. The Company will use these funds for working capital purposes

LAKE GEORGE PROPERTY:

Location and Status

The Lake George Property consists of a total of 199 claims and is located approximately 40 km west of Fredericton, New Brunswick. The Property is adjacent to the past producing Lake George antimony mine and is close to existing infrastructure. The Property comprises a 100% interest in 153 claims covering approximately 3,298 hectares (32.98 km^2) which were acquired by staking, and an option on 46 claims (the “Optioned Property”) pursuant to the Option Agreement described below.

On February 6, 2014 the Company entered into a Mineral Option and Sale Agreement (“Option Agreement”) with Charles Morrissy (“Morrissy”) to acquire a 90% interest in 46 claims covering an area of 918 hectares (9.18 km^2). To date Morrissy has received cash payments of $375,000 and 1,600,000 shares of Goldstar. Under the Option Agreement, as amended, in order to complete the acquisition of a 90% interest in the Optioned Property, Goldstar owes Morrissy $200,000 payable in two installments of $100,000 on March 31, 2021 and March 31, 2022. As discussed under “Overview and Outlook”, the Company is currently not able to access its properties in New Brunswick due to travel restrictions in response to the COVID-19 pandemic.

Under the Option Agreement the Company can increase its interest in the Optioned Property to 95% by a further payment of $1,000,000 upon Commercial Production, and to 100% by an additional payment of $2,000,000 to be made 24 months following Commercial Production.

Due to the Covid-19 pandemic, and not having access to the property in 2020, the Company has decided, as at December 31, 2020, to not renew the claims and the Option Agreement coming to terms on March 31, 2021; therefore a write-off totaling $2,436,159 was recorded in 2020.

VICTORIA LAKE PROPERTY:

Location and Status

The Victoria Lake property consists of a total of 214 claims. The property comprises a 100% interest in 166 claims covering approximately 3,764 hectares (37.64 km^2) which were acquired by staking, and an option on 48 claims (the “Optioned Property”) pursuant to the Option Agreement described below.

On April 14, 2017, the Company entered into a Mineral Option and Sale Agreement (“Option Agreement”) with Campfire Resources Ltd and Southfield Resources Ltd (the "Owners") with respect to the Victoria Lake Property, consisting of 48 claims and covering an area of 1,089 hectares (10.89 km^2).

The Optioned Property is located within the Clarendon, Lepreau and Pennfield Parishes of Charlotte County in New Brunswick at approximately 50 km south of Fredericton. The Option Agreement provides for the acquisition of an undivided interest of 100% in the Optioned Property. To date, the Owners have received cash payments of $90,000. Under the Option Agreement, as amended, in order to complete the acquisition of a 100% interest in the Optioned Property, Goldstar owes the Owners $160,000 payable in three installments of $50,000, $50,000, and $60,000 on March 31, 2021, July 15, 2021 and July 15, 2022. As discussed under “Overview and Outlook”, the Company is currently not able to access its properties in New Brunswick due to travel restrictions in response to the COVID-19 pandemic. Upon exercise of the option, Goldstar shall grant to the Owners a net smelter return royalty ("NSR") of 2% from production derived from the Property of which 50% of royalties can be purchased back by Goldstar at any time by paying to the Owners the amount of $1,000,000. Until the option is exercised, the Company shall solely fund any exploration expenditures on the Optioned Property.

Due to the Covid-19 pandemic, and not having access to the property in 2020, the Company has decided, as at December 31, 2020, to not renew the claims and the Option Agreement coming to terms on March 31, 2021; therefore a write-off totaling $216,789 was recorded in 2020.

ANCTIL AND NEMENJICHE OPTION AGREEMENT:

On December 10, 2019, the Company entered into a Mineral Option and Purchase Agreement (“Option Agreement”) with Les Ressources Tectonic Inc. (the "Owner") with respect to the Anctil and Nemenjiche Properties (the “Optioned Properties”). The Option Agreement provides for the acquisition of an undivided interest of 100% in the Optioned Properties by paying the Owner in the aggregate an amount of $570,000 in cash payments and by incurring in the aggregate an amount of $2,200,000 in exploration expenditures over a three-year period, according to the following schedule. To date, the Owner has received cash payments of $150,000 and the Company has incurred its minimum commitment of $300,000 of exploration expenditures.

Date	Cash Payments	Exploration expenditures to be incurred
February 15, 2020	$50,000	-
December 10, 2020	$100,000	$300,000
December 10, 2021	$120,000	$700,000
December 10, 2022	$300,000	$1,200,000
Total	$570,000	$2,200,000

Upon exercise of the Option, Goldstar shall grant to the Owner a net smelter return royalty (“NSR”) of 2% from production derived from the Properties of which royalty 100% can be purchased back by Goldstar for cancelation at any time by paying to the Owner the amount of $5,000,000. Until the Option Agreement is exercised or terminated, Goldstar shall solely fund any exploration expenditures on the Properties.

ANCTIL PROPERTY:

The Anctil property consists of a total of 66 claims. The property comprises a 100% interest in 35 claims covering approximately 1,953 hectares (19.53 km^2) which were acquired by staking, and an option on 31 claims (the “Optioned Properties”) pursuant to the Option Agreement described above, covering an area of approximately 1,731 hectares (17.31 km^2). As per the Option Agreement, since the staked claims were staked within 5 km of the Optioned Properties, these claims are subject to the agreement.

The Company completed a detailed lithogeochemical survey and mapping work on the Anctil property. The prospecting campaign covered a target area of approximately 5 square kilometers. Mapping and detailed outcrop sampling was conducted systematically. This field work confirmed the presence of several structures including northeast trending faults and mostly east-west shear zones. Sulfide mineralization was found associated with some of the structures. Prospecting efforts have resulted in 144 samples being collected and sent for gold assay. Assay results returned fifteen (15) outcrop samples that returned anomalous values up to 128 ppb Au (0.13 g/t Au) as shown in the following table:

Range of values(ppb Au)*	Number of Anomalous samples
10-19	7
20-29	3
30-39	1
>40	4

*Analyses were performed by AGAT Laboratories on 50 g charge sample using Fire Assay with an AAS finish

Most of these anomalous samples were gathered several hundred meters south of an altered tonalite intrusion intersected by historical drilling. The prospecting campaign outlined a new target area of approximately 1 kilometer long by 0.8 kilometer wide south of Anctil Lake. This target area, where almost no drilling was performed in the past, is open both to the west and the east, and additional prospecting would be needed to confirm its extent.

Historical drilling done in 1987 by Argentex Resource Exploration Corp., returned in hole LA-87-6 values of up to 3.5 g/t Au over 0.9 m between 101.6 and 102.5 m and up to 36.1 g/t Au over 0.9 m from 127.9 to 128.8 m in the surrounding host rocks consisting of mafic and felsic volcanic rocks, less than 25 meters away from the altered tonalite and host rocks contact. Hole LA-87-6 is reported to have a total length of 134 m and is believed to have tested the northern edge of the new target area that extends a few hundred meters to the south.

The Company cautions that these gold values are historical in nature and, thus, not NI 43-101 compliant. In addition, these values may not be representative of the mineralization that may be present on the property.

The Company completed a detailed airborne geophysics survey. The airborne campaign flew 517 line kilometres. The survey was helicopter borne VTEM and included horizontal magnetic gradiometer. VTEM is a very useful and high-accuracy technology for mapping lateral and vertical variations in resistivity. Potential shear-hosted gold targets that are structurally controlled and marked by magnetic lows can be successfully identified by the horizontal magnetic gradiometer. The Company expects to receive the final data and report in either the first or second quarter of 2021. The combination of both the prospecting and the airborne survey will allow the Company to define the next steps to be taken.

NEMENJICHE PROPERTY:

The Nemenjiche property consists of a total of 72 claims. The property comprises a 100% interest in 30 claims covering approximately 1,679 hectares (16.79 km^2) which were acquired by staking, and an option on 42 claims (the “Optioned Properties”) pursuant to the Option Agreement described above, covering an area of approximately 2,351 hectares (23.51 km^2). As per the Option Agreement, since the staked claims were staked within 5 km of the Optioned Properties, these claims are subject to the agreement.

The Company completed an initial lithogeochemical survey on the Nemenjiche property, covering a target area of approximately 6 square kilometres, allowing for systematic sampling and mapping of outcrops. Several structures containing sulfide mineralization have been discovered. Prospecting efforts have resulted in 130 samples which were sent for assay. The assays revealed few surface anomalies.

The Company completed a detailed airborne geophysics survey. The airborne campaign flew 578 line kilometres. The survey was helicopter borne VTEM and included horizontal magnetic gradiometer. VTEM is a very useful and high-accuracy technology for mapping lateral and vertical variations in resistivity. Potential shear-hosted gold targets that are structurally controlled and marked by magnetic lows can be successfully identified by the horizontal magnetic gradiometer. The Company expects to receive the final data and report in either the first or second quarter of 2021. The combination of both the prospecting and the airborne survey will allow the Company to define the next steps to be taken.

FORTUNE PROPERTY:

The Fortune property comprises a 100% interest in a total of 101 claims covering approximately 5,714 hectares (57.14 km^2). The Fortune property is located in the Gaspé Peninsula of Québec, with direct access to most of the property by Highway 132 and a network of maintained roads.

PANACHE NORTH PROPERTY:

The Panache North property comprises a 100% interest in a total of 4 claims covering approximately 225 hectares (2.25 km^2). The Panache North property is located in the Windfall Lake (Urban Barry) area of Québec.

PRINCE PROPERTY:

The Prince property comprises a 100% interest in a total of 2 licenses covering approximately 125 hectares (1.25 km^2). The Panache North property is located in Newfoundland.

SUMMARIZED FINANCIAL RESULTS

SELECTED ANNUAL INFORMATION

	2020	2019	2018
Net loss	(2,887,851)	(419,097)	(839,475)
Basic and diluted loss per share	(0.20)	(0.04)	(0.01)
Cash and cash equivalents	296,039	75,251	41,065
Total assets	995,919	2,798,685	2,068,871
Current financial liabilities	177,141	892,672	603,808

SUMMARY OF QUARTERLY RESULTS

	Net Income (Loss)	Basic and diluted earnings (loss) per share
December 31, 2020	(2,972,262)	(0.13)
September 30, 2020	207,897	0.01
June 30, 2020	(33,444)	(0.01)
March 31, 2020	(90,042)	(0.01)
December 31, 2019	(94,844)	(0.01)
September 30, 2019	(44,230)	(0.01)
June 30, 2019	(141,463)	(0.01)
March 31, 2019	(138,560)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company finances its operations mainly through the sale of its shares.

As at December 31, 2020, the Company had cash and cash equivalents of $296,039 compared to $75,251 as at December 31, 2019. There was a working capital surplus as at December 31, 2020 of $156,789 compared to a deficiency of ($761,246) at December 31, 2019.

On September 2, 2020, the Company completed a share settlement transaction with a creditor to partially settle a debt in the amount of $70,000. On September 18, 2020, the Company issued 350,000 units at a price of $0.20 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.50 until September 17, 2023.

On September 3, 2020, the Company completed a non-brokered private placement financing. The Company issued a total of 4,666,663 units at a price of $0.15 per unit and 3,000,000 flow-through shares at a price of $0.20 per share for aggregate gross proceeds of $1,300,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.20 until September 2, 2023. At closing, in respect to the subscriptions of units, the Company paid a cash finder's fee of $34,839 and issued finder's warrants exercisable to acquire 232,261 units at a price of $0.15 per unit until September 2, 2023. The Company accounted for these compensation warrants by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of warrants granted was $0.15238 per warrant for a total value of $35,392. At Closing, in respect to the subscriptions of flow-through shares, the Company issued 178,000 finders' units, each comprised of one common share and one warrant exercisable to acquire 178,000 common shares at a price of $0.20 per share until September 2, 2023. The fair value of the compensation warrants is calculated by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of the common shares was $0.05532 per share for a total value of $9,846, and the weighted average fair value of the warrants granted was $0.14468 per warrant for a total value of $25,754.

On September 3, 2020, the Company settled the outstanding loans to a director by completing a share settlement transaction pursuant to which the Company issued 2,500,000 common shares at a price of $0.20 per share in settlement of the debt in the amount of $500,000. Furthermore, the Company repaid $16,936 of the remaining loans plus $546 of interest. There is nothing owing to this director as at December 31, 2020.

On December 7, 2020, the Company acquired 100% interest in the Fortune, Panache North, and Prince properties for $30,000 cash and the issuance of 200,000 common shares at a price of $0.02 per share.

On March 9, 2021, the Company received an additional $20,000 loan as part of the Canada Emergency Business Account. This loan is interest free, with a $10,000 forgiveness benefit if repaid by December 31, 2022. If the loan is not repaid by then, it will be extended an additional 3 years until December 31, 2025 with an interest rate of 5% per annum. It can be repaid at any time. The Company has received an aggregate of $60,000 under the Canada Emergency Business Account.

As the Company does not have sufficient financial resources to cover its budgeted general administrative expenses and to meet its short-term obligations for the next twelve months, and to complete its planned 2021 calendar year exploration budget, the Company intends to raise additional financing in 2021. While the Company has been successful in securing financing, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future.

RESULTS OF OPERATIONS

For the year ended December 31, 2020 compared to the year ended December 31, 2019:

The Company recorded a loss of ($2,887,851) or ($0.20) loss per share for the year ended December 31, 2020 compared to a loss of ($419,097) or ($0.04) loss per share for the year ended December 31, 2019. This is the result of a $2,652,948 write-off of mining properties and exploration and evaluation assets on the Lake George and Victoria Lake properties. Expenses for the year ended December 31, 2020 amounted to $2,873,005, including the aforementioned write-off, compared to $454,620.

Excluding the write-off, there was a decrease in expense originating from a decrease of $213,416 in general and administrative expenses. This decrease was mainly due to a reduction in corporate salaries as well as investor and shareholder relations. Furthermore, there was a decrease of $21,147 in professional and consulting fees.

The Company holds 23,858 common shares of Lucky Minerals Inc. ("Lucky") (2019 – 23,858). At December 31, 2020, these shares had a fair market value of $2,505 and the company recorded a non-cash change in fair value of said securities of $1,074.

During the year, Goldstar spent $661,473 (2019 - $743,393), before write-offs, tax credits and government grants, on mining properties and exploration and evaluation assets. The table below details the nature of expenditures.

	Lake George Property	Victoria Lake Property	Anctil Property	Nemenjiche Property	Fortune Property	Panache North Property	Prince Property	Total
	New Brunswick	New Brunswick	Québec	Québec	Québec	Québec	Newfoundland	
	$	$	$	$	$	$	$	$
Mining properties								
Balance, December 31, 2019	506,449	121,850	2,284	1,958	-	-	-	632,541
Acquisition costs	-	-	-	-	49,073	21,810	10,905	81,788
Option payments	-	-	63,699	86,301	-	-	-	150,000
Claim staking and renewal	600	(5,100)	913	-	6,095	-	-	2,508
Write-off	(507,049)	(116,750)	-	-	-	-		(623,799)
Balance, December 31, 2020	-	-	66,896	88,259	55,168	21,810	10,905	243,038
Exploration and evaluation assets								
Balance, December 31, 2019	1,926,984	97,638	9,922	174	-	-	-	2,034,718
Geophysics	-	2,401	93,648	84,283	-	-	-	180,332
Assays	1,742	-	3,004	3,401	-	-	-	8,147
Salaries and consultant fees	247	-	62,365	110,636	-	-	-	173,248
Field expenses	137	-	24,215	28,598	-	-	-	52,950
Studies	-	-	12,500	-	-	-	-	12,500
Mining and resource tax credits	-	-	(13,795)	-	-	-	-	(13,795)
Write-off	(1,929,110)	(100,039)	-	-	-	-	-	(2,029,149)
Balance, December 31, 2020	-	-	191,859	227,092	-	-	-	418,951

	Lake George Property	Victoria Lake Property	Anctil Property	Nemenjiche Property	Total
	New Brunswick	New Brunswick	Québec	Québec	
	$	$	$	$	$
Mining properties					
Balance, December 31, 2018	401,859	77,040	-	-	478,899
Option payments	100,000	40,000	-	-	140,000
Claim staking and renewal	4,590	4,810	2,284	1,958	13,642
Balance, December 31, 2019	506,449	121,850	2,284	1,958	632,541
Exploration and evaluation assets					
Balance, December 31, 2018	1,430,449	77,664	-	-	1,508,113
Drilling	303,185	-	-	-	303,185
Geophysics	7,363	-	-	-	7,363
Geology	-	999	12,000	-	12,999
Assays	73,492	-	-	-	73,492
Salaries	165,263	18,975	2,979	263	187,480
Field expenses	5,232	-	-	-	5,232
Government grants	(58,000)	-	-	-	(58,000)
Mining and resource tax credits	-	-	(5,057)	(89)	(5,146)
Balance, December 31, 2019	1,926,984	97,638	9,922	174	2,034,718

CASH FLOWS

Cash flows used in operating activities were $393,327 during the year ended December 31, 2020 compared to $215,487 for the year ended December 31, 2019.

Cash used in investing activities was $588,983 during the year ended December 31, 2020 compared to $671,374 for the year ended December 31, 2019.

Cash flows from financing activities were $1,213,098 during the year ended December 31, 2020 compared to $921,047 for the year ended December 31, 2019.

TRANSACTIONS WITH RELATED PARTIES

Transactions with key management personnel

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

An officer and a director of the Company is a partner of Colby Monet L.L.P., a law firm which has rendered legal and consulting services in the amount of $12,412 (2019 - $28,000), charged to professional and consulting fees, $84,565 (2019 - $26,810) with respect to financing charged to share issue expenses, $11,293 (2019 – nil) with respect to the share consolidation charged to general and administrative expenses, and $11,789 (2019 – nil) with respect to mining properties totaling an aggregate amount of $120,059 (2019 - $54,810). As at December 31, 2020, the accounts payable include $30,352 (2019 - $66,165) owed to this legal firm.

On February 18, March 2, March 6, 2020, and July 8, 2020, a director of the Company loaned the respective amounts of $5,000, $6,000, $10,000 and $3,000 to the Company. These loans bore interest at a rate of 10% per annum and were repayable on demand. Outstanding loans from a director of the Company, due on demand, totaled $439,000 and interest accrued amounted to $78,482. On September 3, 2020, the Company settled the outstanding loans to a director by completing a share settlement transaction pursuant to which the Company issued 2,500,000 common shares at a price of $0.20 per share in settlement of the debt in the amount of $500,000. Furthermore, the Company repaid $16,936 of the remaining loans plus $546 of interest. As at December 31, 2020, there is nothing owing to this director.

These transactions, made in the normal course of business, were measured at the exchange amount, which is the amount established and agreed to by the parties.

OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares of which 22,212,593 were issued and outstanding as at April 15, 2021. As of such date, the Company also had outstanding options to purchase a total of 1,712,497 shares ranging from $0.16-$1.00 per share and warrants to purchase a total of 5,426,924 shares ranging between $0.15-$0.50 per share.

CAPITAL MANAGEMENT

The capital of the Company consists of its share capital, options and warrants. The Company manages and adjusts its capital structure based on available funds 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 and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development, 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 properties with sufficient geologic or economic potential 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 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.

CRITICAL ACCOUNTING ESTIMATES

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

-Going concern;

-Recognition and measurement of refundable credits on mining duties and tax credits related to resources;

-Recoverability of mining properties and exploration and evaluation assets;

-Measurement of the compensation warrants

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than the reporting period. These updates are not expected to have a significant impact on the Company and are therefore not discussed herein.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and the Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2020. Based on that evaluation, the officers have concluded that as at that date, such disclosure controls and procedures contain a material weakness due to inadequate segregation of duties between the authorization, recording, review and reconciliation of purchases and sales and recording of cash receipts and bank account reconciliations. This material weakness has the potential to result in a material misstatement in the Company's financial statements, and should also be considered a material weakness in its internal control over financial reporting. The management and board of directors have concluded and agreed that, taking into account the present stage of the Company's development and the best interests of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this weakness at this time.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer of the Company have designed, or have caused to be designed under their supervision, internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's internal control over financial reporting as at December 31, 2020. Based on that evaluation, the officers have concluded that as at that date, such internal control over financial reporting contains a material weakness due to inadequate segregation of duties as previously mentioned in "Disclosure controls and procedures". The management and board of directors have concluded and agreed that, taking into account the present stage of the Company's development and the best interests of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this weakness at this time.

There has been no change in the Company's internal control over financial reporting that occurred during the period beginning on January 1st, 2020 and ended December 31st, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as at December 31, 2020 and December 31, 2019 were as follows:

December 31, 2020	Amortized cost	Fair value through profit or loss	Amortized cost	Total
Cash and cash equivalents	296,039			296,039
Other receivables (except sales taxes and tax credits receivable)	1,495			1,495
Marketable securities		2,505		2,505
Accounts payable and accrued liabilities (except employee compensation payable)			117,673	117,673
Loan payable			24,582	24,582

December 31, 2019	Amortized cost	Fair value through profit or loss	Amortized cost	Total
Cash and cash equivalents	75,251			75,251
Other receivables (except sales taxes, tax credits receivable and government grants)	2,362			2,362
Marketable securities		3,579		3,579
Accounts payable and accrued liabilities (except employee compensation payable)			397,629	397,629
Due to related parties			415,000	415,000

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

Fair Value

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices (unadjusted) in active markets.
- Level 2: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring the Company to develop its own assumptions.

FINANCIAL RISK FACTORS

The Company is exposed to various financial risks resulting from both its operations and its investment activities as well as external factors out of its control. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main risk exposure and its financial risk management policies are as follows:

(a) Fair value:

Fair value estimates are made based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and cash equivalents, other receivables, accounts payable and accrued liabilities and due to related parties on the statements of financial position approximate fair values because of the short-term nature of these instruments. The fair value of the loan payable is based on the discounted cash flows and is not materially different from its carrying value since there was no material change in the assumptions used for fair value determination at inception.

As at December 31, 2020, the Company held marketable securities consisting of 23,858 (2019 – 23,858) common shares of Lucky Minerals Inc. ("Lucky") carried at a fair value of $2,505 (2019 - $3,579). These marketable securities were classified as Level 1 within the fair value hierarchy.

(b) Credit risk:

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash is maintained with high-credit, quality financial institutions.

(c) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had a cash balance of $296,039 (December 31, 2019 - $75,251) to settle current liabilities of $177,141 (December 31, 2019 - $892,672). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) COVID-19:

An outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets at the date of completion of the financial statements.

These events are likely to cause significant changes to the assets or liabilities in the coming year or to have a significant impact on future operations. Following these events, the Company has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.

COMMITMENTS AND CONTINGENCIES

The Company has commitments under the terms of operating leases for its premises. Minimum lease payments are as follows

		2020		2019
One year and less	$	-	$	18,672

The Company’s mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is committed to incur eligible exploration and evaluation expenses of $600,000 by December 31, 2021, related to its flow-through share financings completed in 2020. As at December 31, 2020, the Company has incurred $381,790 of eligible expenses.

The Company is committed to incur eligible exploration and evaluation expenses of $405,000 by December 31, 2020, related to its flow-through share financings completed in 2019. As at December 31, 2019, the Company has incurred $405,000 of eligible expenses.

However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose.

Refusals of certain expenses by tax authorities could have negative tax consequences for investors of the Company.

In such event, the Company will indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

OFF BALANCE SHEET ITEMS

The Company does not have any off balance sheet items.

April 15, 2021