BLACKROCK SILVER CORP.
(Formerly Blackrock Gold Corp.)

Condensed Consolidated Interim Financial Statements

For the Three Months Ended January 31, 2021 and 2020

(Unaudited – Expressed in Canadian Dollars)

BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

		January 31, 2021 (unaudited)		October 31, 2020 (audited)
Assets				(Note 4)
Current assets				
Cash	**$**	**1,860,385**	$	6,589,531
Amounts receivable		**67,305**		53,502
Prepaid expenses and deposits (Note 5)		**70,211**		113,180
		1,997,901		6,756,213
Non-current assets				
Guaranteed investment certificate (Note 12)		**33,000**		33,000
Fixed assets		**15,100**		-
Exploration and evaluation assets (Note 6)		**1,642,371**		1,678,438
	$	**3,688,372**	$	8,467,651
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**735,516**	$	1,238,190
Due to related parties (Note 9)		**110,637**		235,224
Share compensation liability (Note 8)		**24,923**		21,408
		871,076		1,494,822
Long-term liabilities				
Share compensation liability (Note 8)		**20,769**		17,841
		891,845		1,512,663
Shareholders' Equity				
Share capital (Note 8)		**20,049,535**		19,704,677
Reserves (Note 8)		**5,437,721**		5,345,673
Deposit for share issuance		**33,750**		-
Accumulated other comprehensive income (loss)		**(51,770)**		28,289
Deficit		**(22,672,709)**		(18,123,651)
		2,796,527		6,954,988
	$	**3,688,372**	$	8,467,651

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 12)
Subsequent Events (Note 13)

Approved by the Directors:

"David Laing"	*"Tony Wood"*
David Laing, Director	Tony Wood, Director

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

BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

		Three Months Ended January 31,		
		2021		2020
				(Note 4)
Exploration expenditures (Note 6)				
Drilling	**$**	**3,373,981**	$	481,401
Geology and consulting		**292,786**		-
Geophysics		**17,923**		-
Legal fees		**6,194**		-
		(3,690,884)		(481,401)
Operating expenses				
Accounting and audit		**1,794**		8,750
Bank charges and interest		**2,881**		1,335
Consulting fees (Note 9)		**30,252**		18,502
Depreciation		**-**		3,036
Insurance		**12,225**		5,183
Legal fees		**46,258**		18,933
Management fees (Note 9)		**131,135**		102,123
Marketing and communications		**350,208**		164,638
Office		**21,728**		14,896
Regulatory and filing fees		**21,294**		7,824
Rent		**6,143**		1,734
Share-based payments (Notes 8, 9)		**218,504**		14,000
Travel		**6,899**		48,382
Wages (Note 9)		**29,773**		23,807
		(879,094)		(433,143)
Other income (expense)				
Foreign exchange loss		**(59,046)**		(2,982)
Interest expense (Notes 7, 9)		**-**		(2,967)
Change in fair value of share compensation liability (Note 8)		**79,966**		-
		20,920		(5,949)
Net Loss for the period		**(4,549,058)**		(920,493)
Other comprehensive income				
Items that may be reclassified to profit or loss				
Foreign currency translation adjustment		**(80,059)**		-
Total Comprehensive Loss for the period	**$**	**(4,629,117)**	$	(920,493)
Basic and Diluted Loss per share	**$**	**(0.04)**	$	(0.01)
Weighted average number of common shares outstanding				
Basic and Diluted		**107,188,366**		62,690,252

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

BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian dollars)

		Three Months Ended January 31, 2021		2020
Cash provided by (used for):				(Note 4)
Operating activities				
Net loss for the period	**$**	**(4,549,058)**	$	(920,493)
Adjustment for items not involving cash:				
Depreciation included in exploration expenditures		**761**		-
Depreciation		**-**		3,066
Foreign exchange		**(203,962)**		-
Interest accrued on loans payable		**-**		2,778
Share-based payments		**218,504**		14,000
Change in fair value of share compensation liability		**(79,966)**		-
		(4,613,721)		(900,649)
Changes in non-cash operating capital:				
Amounts receivable		**(13,803)**		(4,570)
Prepaid expenses and deposits		**42,969**		164,829
Accounts payable and accrued liabilities		**(459,685)**		(285,021)
Due to related parties		**(115,428)**		(23,486)
		(5,159,668)		(1,048,897)
Investing activity				
Fixed asset purchase		**(15,861)**		-
		(15,861)		-
Financing activities				
Issuance of common shares, net of share issue costs		**304,810**		733,800
Deposit for share option exercise		**33,750**		5,000
		338,560		738,800
Decrease in cash		**(4,836,969)**		(310,097)
Effect of exchange rate changes on cash		**107,823**		-
Cash, beginning of the period		**6,589,531**		878,066
Cash, end of the period	**$**	**1,860,385**	$	567,969

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

BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Expressed in Canadian dollars)

	Number of shares	Share capital	Deposit for share issuance	Reserves	Accumulated other comprehensive income (loss)	Deficit	Total equity
						(Note 4)	
Balance at October 31, 2019	60,700,143	$ 6,757,887	$ 50,000	$ 1,085,554	$ -	$ (5,719,127)	$ 2,174,314
Impact of change in accounting policy	-	-	-	-	-	(702,944)	(702,944)
Restated Balance at October 31, 2019	60,700,413	6,757,887	50,000	1,085,554	-	(6,422,071)	1,471,370
Private placement	2,685,000	537,000	-	-	-	-	537,000
Share issue costs	-	(1,200)	-	-	-	-	(1,200)
Shares issued as compensation	200,000	14,000	-	-	-	-	14,000
Warrants exercised	965,000	162,000	-	-	-	-	162,000
Share options exercised	1,340,000	177,607	(50,000)	(91,607)	-	-	36,000
Subscriptions received	-	-	5,000	-	-	-	5,000
Net loss for the period (Note 4)	-	-	-	-	-	(920,493)	(920,493)
Balance at January 31, 2020	65,890,143	7,647,294	5,000	993,947	-	(7,342,564)	1,303,677
Private placements	36,599,469	12,736,561	(5,000)	-	-	-	12,731,561
Share issue costs	-	(1,665,814)	-	940,652	-	-	(725,162)
Warrants exercised	2,964,937	737,679	-	(13,585)	-	-	724,094
Share options exercised	1,265,000	248,957	-	(114,207)	-	-	134,750
Share-based payments	-	-	-	3,538,866	-	-	3,538,866
Net loss for the period (Note 4)	-	-	-	-	-	(10,781,087)	(10,781,087)
Foreign currency translation adjustment	-	-	-	-	28,289	-	28,289
Balance at October 31, 2020	106,719,549	19,704,677	-	5,345,673	28,289	(18,123,651)	6,954,988
Warrants exercised	971,190	286,368	-	(16,558)	-	-	269,810
Share options exercised	300,000	58,490		(23,490)	-	-	35,000
Share-based payments	-	-	-	132,096	-	-	132,096
Deposits for future share issuance	-	-	33,750	-	-	-	33,750
Net loss for the period	-	-	-	-	-	(4,549,058)	(4,549,058)
Foreign currency translation adjustment	-	-	-	-	(80,059)	-	(80,059)
Balance at January 31, 2021	107,990,739	$ 20,049,535	$ 33,750	$ 5,437,721	$ (51,770)	$ (22,672,709)	$ 2,796,527

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

1) NATURE OF OPERATIONS AND GOING CONCERN

Blackrock Silver Corp. (formerly Blackrock Gold Corp.) ("our", "Blackrock" or the "Company") was incorporated on April 16, 1999 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition, exploration and development of mineral properties located in Canada and the United States. Effective July 27, 2016, the Company changed its name from Almo Capital Corp. to Blackrock Gold Corp. The Company's shares began trading on the TSX Venture Exchange ("TSX-V") under the symbol "BRC.V" on July 27, 2016 and also trade on the OTCQB under the symbol "BKRRF". On March 17, 2021, the Company changed its name from Blackrock Gold Corp. to Blackrock Silver Corp., to better reflect the portfolio of exploration and evaluation assets it holds.

The head office, registered address, principal address and records office of the Company are located at 2300 – 1177 West Hastings Street, Vancouver, British Columbia, Canada V6E 2K3.

These condensed consolidated interim financial statements (the "financial statements") have been prepared assuming the Company will continue on a going concern basis, or that it will continue to realize its assets and meet its obligations in the normal course of business. The Company has incurred losses since inception and has an accumulated operating deficit of $22,672,709 at January 31, 2021 (October 31, 2019 - $18,123,651). For the three months ended January 31, 2021, the Company had a net loss of $4,549,058 (2019 - $920,493), and working capital of $1,126,825 (October 31, 2019 - $5,261,391). The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate equity and/or debt financing to fund its exploration and administrative expenses. To date, the Company has not earned operating revenue.

The Company is uncertain that it can raise capital to meet its obligations, fund operations, or advance its mineral projects, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the condensed consolidated interim statements of financial position. Failure to maintain the support of creditors and raise capital will cause the Company to curtail operations and the Company's ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time. These financial statements contain no adjustments that would likely become necessary should the Company become unable to continue as a going concern.

Management plans to continue to pursue equity and debt financing to support operations. These plans may be adversely impacted by factors including uncertain market conditions and commodity prices. There can be no assurance that management's plan will be successful.

The recovery of the amounts comprising exploration and evaluation assets are dependent upon the ability of the Company to obtain necessary financing to successfully complete the development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

<u>COVID-19</u>
In response to the global outbreak of COVID-19, on March 17, 2020, the governor of Nevada ordered the closure of all non-essential businesses in the state of Nevada to help prevent the spread of the virus. On April 1, 2020, the governor of Nevada issued a "stay at home" order, which was updated on April 8, 2020. The order restricted non-essential activities, travel and business operations, subject to certain exceptions for necessary activities through April 30, 2020, which was subsequently extended to May 15, 2020. On April 30, 2020, the governor of Nevada announced Nevada's "Roadmap to Recovery Plan", which outlined certain criteria and milestones that had to be met in order to safely restart Nevada's economy. Phase 1 and Phase 2 of the Nevada reopening plan commenced on May 9, 2020 and May 29, 2020, respectively, allowing certain non-essential businesses to voluntarily reopen under strict restrictions.

1) NATURE OF OPERATIONS AND GOING CONCERN – Continued

COVID-19 – Continued
The Company's development activities, including exploration drilling, are considered an "essential business" in Nevada and are permitted to continue, so long as these activities are conducted in a safe manner, in groups of ten or less, and social distancing measures are maintained.

2) BASIS OF PRESENTATION

These financial statements were authorized for issue on March 31, 2021 by the directors of the Company.

a) Statement of compliance to International Financial Reporting Standards
These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee. These financial statements comply with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

b) Basis of preparation
These financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale or fair value through profit or loss ("FVTPL") that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on October 31, 2021, the Company's annual reporting date.

Certain amounts in the prior period have been reclassified to conform to the current period presentation (Note 4).

c) Basis of consolidation
The financial statements of the Company include the following subsidiary:

Name of subsidiary	Place of incorporation	Percentage ownership
Blackrock Gold Corp.	*USA*	100%

Blackrock Gold Corp. ("Blackrock US") was incorporated on May 9, 2018. The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies.

All intercompany transactions and balances are eliminated on consolidation.

2) BASIS OF PRESENTATION – Continued

d) Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are 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 review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Other accounting estimates and judgments include functional currency determination, recoverability of exploration and evaluation costs, impairment of exploration and evaluation assets, valuation of share-based payments and income tax assets.

e) Foreign currencies

The Company assesses functional currency on an entity-by-entity basis based on the related fact pattern; however, the presentation currency used in these financial statements is determined at management's discretion.

The currency of the parent company, and the presentation currency applicable to these financial statements, is the Canadian dollar. The functional currency of the Company's wholly owned subsidiary is the United States ("US") dollar for the period ended January 31, 2021, a change from the year ended October 31, 2019, in which the functional currency was considered the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each condensed consolidated interim statement of financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized as a foreign currency translation adjustment in other comprehensive income and accumulated in equity.

f) Future accounting standards and interpretations

New IFRS pronouncements that have been issued but are not yet effective at the date of these financial statements are listed below. The Company plans to apply the new standards or interpretations in the annual period for which they are first required.

(i) Presentation of financial statements

An amendment to IAS 1 *Presentation of Financial Statements* was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least twelve months after the reporting period.

(Unaudited – Expressed in Canadian dollars)

3) SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS, as issued by the IASB, on a basis consistent with those followed in the Company's most recent annual consolidated financial statements for the year ended October 31, 2020.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual consolidated financial statements, and therefore should be read in conjunction with the annual consolidated financial statements for the year ended October 31, 2020. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three months ended January 31, 2021 are not necessarily indicative of the results that may be expected for the year to end October 31, 2021.

4) CHANGE IN ACCOUNTING POLICIES

Explorations and evaluation assets
The Company is applying a change to its accounting policy relating to the treatment of exploration costs on its exploration and evaluation assets under IFRS 6 *Exploration for and Evaluation of Mineral Resources*. The Company has adopted the policy to expense exploration costs as incurred. The Company had previously capitalized all acquisition and exploration costs related to its exploration and evaluation assets. The Company will continue to capitalize all costs related to the acquisition of and holding costs associated with its exploration and evaluation assets.

With the change, the Company aims to improve its financial communication by providing more understandable, comprehensible and comparable financial information regarding the Company's operations to its peers in the industry.

The following outlines the impact of the change in accounting policy on the financial statement line items impacted in these financial statements:

Consolidated Statement of Financial Position as at October 31, 2019:

		As Reported		Adjustment		Restated Balance
Exploration and evaluation assets	$	1,623,665	$	(702,944)	**$**	**920,721**
Total assets	$	2,750,054	$	(702,944)	**$**	**2,047,110**
Deficit	$	(5,719,127)	$	(702,944)	**$**	**(6,422,071)**
Shareholders' equity	$	2,174,314	$	(702,944)	**$**	**1,471,370**
Total liabilities and shareholders' equity	$	2,750,054	$	(702,944)	**$**	**2,047,110**

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss for the three months ended January 31, 2020:

		As Reported		Adjustment		Restated Balance
Exploration expenditures:						
Drilling	$	-	$	(481,401)	**$**	**(481,401)**
Total exploration expenditures	$	-	$	(481,401)	**$**	**(481,401)**
Net Loss and Comprehensive Loss for the period	$	(439,092)	$	(481,401)	**$**	**(920,493)**
Basic and Diluted Loss per share	$	(0.01)	$	(0.00)	**$**	**(0.01)**

(Unaudited – Expressed in Canadian dollars)

4) CHANGE IN ACCOUNTING POLICIES – Continued

Condensed Consolidated Interim Statement of Changes in Equity for the three months ended January 31, 2020:

		As Reported		Adjustment		Restated Balance
Deficit, as at October 31, 2019	$	(5,719,127)	$	(702,944)	**$**	**(6,422,071)**
Total shareholders' equity, as at October 31, 2019	$	2,174,314	$	(702,944)	**$**	**1,471,370**
Net loss for the three months ended January 31, 2020	$	(439,092)	$	(481,401)	**$**	**(920,493)**
Deficit, as at January 31, 2020	$	(6,158,219)	$	(1,184,345)	**$**	**(7,342,564)**
Total shareholders' equity, as at January 31, 2020	$	2,488,022	$	(1,184,345)	**$**	**1,303,677**

Condensed Consolidated Interim of Cash Flows for the three months ended January 31, 2020:

		As Reported		Adjustment		Restated Balance
Net loss for the period	$	(439,092)	$	(481,401)	**$**	**(920,493)**
Changes in non-cash operating capital:						
Accounts payable and accrued liabilities	$	15,750	$	300,771	**$**	**(285,021)**
Cash used in operating activities	$	(266,725)	$	(782,172)	**$**	**(1,048,897)**
Investing activities:						
Exploration and evaluation assets	$	(782,172)	$	782,172	**$**	**-**

<u>Functional currency of subsidiary</u>
The Company is applying a change to its accounting policy relating to the functional currency applicable to its wholly owned subsidiary. The Company has adopted the policy as outlined in Note 2 – Basis of Presentation above, to consider the functional currency to be the US dollar. The Company had previously considered the Canadian dollar to be the functional currency.

During the year ended October 31, 2020, the Company's subsidiary became much more active and all decisions related to exploration activities and day-to-day operations are being made in the Unites States, and all expenses are being incurred in the Unites States and paid by the subsidiary. In addition, all of the day-to-day bookkeeping and recordkeeping is being performed in the United States. Under IFRS 21 *The Effects of Changes in Foreign Exchange Rates*, the effect of a change in the functional currency is accounted for prospectively using the exchange rate at the date of the change.

(Unaudited – Expressed in Canadian dollars)

5) PREPAID EXPENSES AND DEPOSITS

Prepaid expenses at January 31, 2021 and October 31, 2020 is comprised of the following:

		January 31, 2021		October 31, 2020
Consulting	**$**	**3,750**	$	47,709
Insurance		**8,775**		16,749
Marketing and lead generation		**-**		6,250
Marketing		**28,433**		26,147
Deposits – trade shows/conferences		**11,000**		-
Other		**18,253**		16,325
	$	**70,211**	$	113,180

6) EXPLORATION AND EVALUATION ASSETS

Title disclaimer
As at January 31, 2021, all of the Company's exploration and evaluation assets are located in British Columbia, Canada, and Nevada, United States. Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, its properties are in good standing.

United States

Acquisition and Holding Costs		**Silver Cloud**		**Tonopah West**		**Total**
Balance, October 31, 2019	$	920,721	$	-	**$**	**920,721**
Additions		275,667		513,274		**788,941**
Foreign currency translation		(254)		(30,970)		**(31,224)**
Balance, October 31, 2020		1,196,134		482,304		**1,678,438**
Additions		-		-		**-**
Foreign currency translation		(16,773)		(19,294)		**(36,067)**
Balance, January 31, 2021	$	1,179,361	$	463,010	**$**	**1,642,371**

The acquisition cost and exploration and evaluation expenditures relating to the West Silver Cloud property have been included with those of Silver Cloud.

(Unaudited – Expressed in Canadian dollars)

6) EXPLORATION AND EVALUATION ASSETS – Continued

The exploration expenditures for the period ended January 31, 2021 were as follows:

Exploration Expenditures		**Silver Cloud**		**Tonopah West**		**Total**
Drilling	$	498,040	$	2,875,941	**$**	**3,373,981**
Geology and consulting		72,585		220,201		**292,786**
Geophysics		-		17,923		**17,923**
Legal		-		6,194		**6,194**
Total	$	570,625	$	3,120,259	**$**	**3,690,884**

The exploration expenditures for the period ended January 31, 2020 were as follows:

Exploration Expenditures		**Silver Cloud**		**Tonopah West**		**Total**
Drilling	$	481,401	$	-	**$**	**481,401**
Total	$	481,401	$	-	**$**	**481,401**

Silver Cloud Project

On October 27, 2017, the Company entered into a Lease Agreement (the "Lease") with Pescio Exploration, LLC ("Pescio" or the "Lessor") with respect to 552 unpatented lode mining claims situated in Elko County, Nevada, and known as the Silver Cloud Project (the "Property"). The Lease affords Blackrock all rights and privileges incidental to ownership, including rights to explore, develop and mine the Property. The term of the Lease is 10 years from October 27, 2017 (the "Effective Date"), and so long thereafter as: a) exploration and/or development is taking place on the Property, and/or b) the Property is held by Blackrock or its successors and assigns, unless earlier terminated in accordance with the terms of the Lease.

In June 2019, the Company completed negotiations to amend the Lease terms and conditions with the underlying owner. The amended Lease provides for lower upfront payments, a reduction of the net smelter return royalty through a buyout, and a purchase option for the Property.

Pursuant to the original Lease, to acquire and maintain the Lease in good standing, Blackrock:

(a) reimbursed the Lessor US$92,308 ($120,296) for the 2017 Bureau of Land Management ("BLM") fees;
(b) paid US$100,000 ($130,320) and issued 1,000,000 common shares of the Company to the Lessor at a price of $0.13 per share;
(c) paid US$100,000 ($131,810) in lease payments to the Lessor for year 1;
(d) must perform a minimum total of 15,000 feet of drilling on the Property during the first 3 years of the term of the Lease;
(e) must drill an additional 90,000 feet from years 4 to 9 and 20,000 feet each subsequent year;
(f) must pay all BLM permit costs. The Company paid BLM fees of US$91,080 ($123,459) in 2020 and US$91,080 ($119,415) in 2019; and
(g) must make additional payments to the Lessor of US$100,000 in year 2, US$150,000 in year 3, US$200,000 in year 4, US$250,000 in year 5, US$500,000 in year 6, US$750,000 in year 7 and US$1,500,000 per year starting in year 8.

6) EXPLORATION AND EVALUATION ASSETS – Continued

Pursuant to the amending agreement:

(i) The Company must make the following cash payments:
   i. 2nd Anniversary of the Effective Date October 27, 2019, US$75,000 ($98,731) (paid);
   ii. 3rd Anniversary of the Effective Date October 27, 2020, US$100,000 ($131,640) (paid);
   iii. 4th Anniversary of the Effective Date October 27, 2021, US$150,000;
   iv. 5th Anniversary of the Effective Date October 27, 2022, US$200,000;
   v. 6th Anniversary of the Effective Date October 27, 2023, US$500,000;
   vi. 7th Anniversary of the Effective Date October 27, 2024, US$750,000; and
   vii. 8th Anniversary of the Effective Date and all subsequent anniversaries the Lease is in effect, US$1,500,000.

   The Company is committed to and must pay all minimum payments up to and including the October 27, 2022 payment. The cash minimum payments will not be credited cumulatively against the Company's royalty payment obligations.

(ii) The Company must complete the following minimum drilling requirements:
   i. 1st to 5th year of the Lease, 25,000 feet;
   ii. 6th year of the Lease, 10,000 feet;
   iii. 7th year of the Lease, 20,000 feet;
   iv. 8th year of the Lease, 20,000 feet; and
   v. 9th year of the Lease and each subsequent Lease year, 20,000 feet.

   If the minimum drilling threshold is not achieved, the Company is subject to a penalty of US$50 per foot of undrilled footage.

(iii) The Company was granted the sole and exclusive option to purchase and own 100% of the Property for a total purchase price of US$3,500,000 on or before October 27, 2023. Exercising the purchase option will terminate the Company's obligation with respect to making any further cash payments and the only further payment obligation is the royalty. If the option to purchase is exercised, the exploration drilling commitment or drilling escape payment obligations remain in effect. If the Company elects to exercise the purchase option after October 27, 2023, it will have to pay a total purchase price of US$5,000,000 and will be obligated to pay all minimum payments and any and all related financial obligations.

(iv) The Company will pay Pescio a non-participating royalty of 3.5% based on the gross value from the production or sale of minerals from the Property and any area of interest acquired interests. The royalty percentage, as a whole, is made subject to a buy-down option of 3.5% representing 1% of the gross value for a total of US$3,000,000 at any time within the first five years.

On July 11, 2019, the Company, through its subsidiary, Blackrock US, entered into a purchase agreement for 20 unpatented mining claims located immediately adjacent to the western boundary of the Property. These unpatented lode mining claims, collectively known as the West Silver Cloud property, extend the Property westward from the Northwest Canyon target. The Company:

(i) Paid US$5,000 upon closing of the transaction;
(ii) Issued 150,000 common shares of the Company; and
(iii) Issued 50,000 common share purchase warrants exercisable for a period of 3 years with an exercise price of $0.20 per common share.

The Property is subject to a production royalty equal to one-half of 1% (0.5%) of the net smelter returns. The Company has the right to purchase the royalty at any time for US$500,000.

6) EXPLORATION AND EVALUATION ASSETS – Continued

Tonopah West Project

On February 24, 2020, the Company, through its subsidiary, Blackrock US, entered into the Blackrock Gold Corp. Option Agreement (the "OA") with Nevada Select Royalty, Inc. ("Nevada Select"), a wholly owned subsidiary of Ely Gold Royalties Inc., with respect to 17 unpatented mining claims and 23 patented mining claims (the Tonopah Claims) and 75 patented mining claims (the Cliff ZZ Claims), collectively known as the Nevada Select Claims, situated in Esmeralda and Nye counties, Nevada, and known as the Tonopah West Project (the "Project"). The OA gives and grants Blackrock US the sole and exclusive right and option to purchase 100% of Nevada Select's right, title and interest in and to the Project, including the existing data (as defined) possessed by Nevada Select and any additional data, information and records regarding the Project acquired by Nevada Select during the option period. The term of the OA is until the first to occur of (i) the option closing; (ii) the termination of the OA; or (iii) four years from the Initial Closing Date, being April 1, 2020. Until all option payments have been made and the option is exercised and closed, Blackrock US must pay all claim maintenance and rental fees for the Nevada Select Claims.

Pursuant to the OA, the total purchase price of US$3,000,000 will be paid by the following option payments:

(i) On the Initial Closing Date, US$325,000 ($464,815) (paid);
(ii) 1st Anniversary of the Initial Closing Date, US$325,000 (paid subsequent to period-end);
(iii) 2nd Anniversary of the Initial Closing Date, US$650,000;
(iv) 3rd Anniversary of the Initial Closing Date, US$700,000; and
(v) 4th Anniversary of the Initial Closing Date, US$1,000,000.

Upon the option exercise, Blackrock US will grant Nevada Select a 3% net smelter returns mineral production royalty in respect of all products (as defined) produced from the Nevada Select Claims.

During the option period and following the option exercise, if the option closing occurs and unless otherwise agreed by the parties, if either party or its affiliate acquires, directly or indirectly, any additional mining claims, located wholly or partly within the area of interest (as defined), the after-acquired interest will be included in and form part of the Nevada Select Claims and will be subject to the OA. If any unpatented or patented claims or other property are or become subject to any third-party royalty obligations that existed prior to initial closing, the royalty will be reduced so that the total royalty percentage on each of the mining claims or real property interests comprising the Project does not exceed 3%.

Blackrock US can terminate the OA without further liability at any time by giving written notice of termination to Nevada Select and Nevada Select will retain all payments made prior to termination.

CANADA – Moore Property

During the year ended October 31, 2017, the Company wrote-off all costs related to this project, as management has no plans to complete any additional work on the property. The 14 remaining claims will be allowed to lapse as they come due in 2021.

(Unaudited – Expressed in Canadian dollars)

7) LOANS PAYABLE

Loans payable at January 31, 2021 and October 31, 2020 is comprised of the following:

		January 31, 2021		October 31, 2020
Related parties:				
Principal (i, iv, v)	**$**	**-**	$	81,364
Principal (iii, iv)		**-**		32,860
Interest		**-**		24,780
Foreign exchange		**-**		(51)
Repayment		**-**		(138,953)
		-		-
Arm's length:				
Principal (ii, iv, v)		**-**		-
Interest		**-**		-
Repayment (ii)		**-**		-
		-		-
Total	**$**	**-**	$	-

(i) On November 10, and 14, 2017, the Company entered into loan agreements with two directors of the Company to borrow a total of $81,364 for a period of one year. Of this amount, $40,308 was a non-interest-bearing advance at October 31, 2017 that was converted into a loan. As further consideration for advancing the loans, the Company issued a total of 1,162,273 bonus warrants to the directors exercisable at a price of $0.07 per share for a period of 12 months. The warrants subsequently expired unexercised. These loans were extended for an additional six-month term expiring on May 10, and 14, 2019 and have not been further extended. The principal balance of $81,364 and accrued interest totaling $20,343 was repaid during 2020.

(ii) On November 27, 2017, the Company entered into a loan agreement with an arm's length party to borrow $19,983. As further consideration for advancing the loan, the Company issued 285,714 bonus warrants to the lender exercisable at a price of $0.07 per share for a period of 12 months. The warrants subsequently expired unexercised. The principal balance of $19,983 and interest of $2,689 was repaid during 2019.

(iii) On January 14, 2019, the Company entered into a loan agreement with a director of the Company to borrow a total of $32,860 (US$25,000) for a period of one year. The principal balance of $32,860 and accrued interest totaling $4,437 was repaid during 2020.

(iv) These loans were unsecured and bore interest at 8% per annum with interest accruing and payable at maturity. Principal and all accrued and unpaid interest were payable in full on maturity or upon demand after six months. Overdue principal and accrued interest bore interest at 8% per annum.

(v) Loan agreements that include bonus warrants are considered to be a compound financial instrument with the liability and equity component being classified separately in the consolidated statements of financial position on the date of issuance. The fair value of the liability component is determined first, with the residual value, if any, being allocated to the equity component. At the time of issuance, the fair value of the liability component was determined not to be materially different from the loan proceeds. Accordingly, no amount was allocated to the equity component.

8) SHARE CAPITAL

a) Authorized

The authorized share capital of the Company consists of unlimited common shares without par value.

b) Issued

During the period ended January 31, 2021, the Company issued the following common shares:

(i) On January 18, 2021, the Company granted an aggregate 466,800 restricted share units ("RSUs") under its RSU plan to its directors, officers and employees. The RSUs awarded will vest as to one-third on each of the first, second and third anniversaries of the date of grant. The RSUs awarded are subject to any necessary regulatory approvals, which, at the date of filing, had not been received. See Note 8(e).

(ii) The following convertible securities have been exercised during the period:

- 300,000 share options have been exercised for total proceeds of $35,000;
- 954,565 warrants have been exercised for total proceeds of $251,734; and
- 60,253 finders' warrants have been exercised for total proceeds of $18,076.

During the year ended October 31, 2020, the Company issued the following common shares:

(i) On November 1, 2019, the Company issued 200,000 common shares to the estate of Brian Morris, former president of the subsidiary, that was a part of his signing bonus when hired.

(ii) There was a total of 3,929,937 share purchase warrants exercised for proceeds of $886,094, of which 49,437 exercised warrants were finders' warrants. A total of $13,585 was transferred from reserves to share capital, representing the fair value of the finders' warrants exercised during the year.

(iii) There was a total of 2,605,000 share options exercised for proceeds of $170,750. A total of $205,814 was transferred from reserves to share capital, representing the fair value of the share options exercised during the year.

(iv) On January 30, 2020, the Company closed the first tranche of a non-brokered private placement. In connection with the first tranche closing, the Company issued a total of 2,685,000 units of the Company at a price of $0.20 per unit for gross proceeds of $537,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.30 until January 30, 2022. On closing, the Company paid a cash commission of $1,200, representing 6% of the proceeds raised in respect of a portion of the private placement.

(v) On February 13, 2020, the Company closed the final tranche of the non-brokered private placement. In connection with the closing of the final tranche, the Company issued a total of 3,512,065 units of the Company at a price of $0.20 per unit for gross proceeds of $702,413. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.30 until February 13, 2022. On closing, the Company paid a cash commission of $13,500, representing 6% of the proceeds raised in respect of a portion of the private placement.

(vi) On June 4, 2020, the Company closed a non-brokered private placement. In connection with the closing, the Company issued a total of 22,670,737 units of the Company at a price of $0.20 per unit for gross proceeds of $4,534,148. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.30 until June 4, 2023. On closing, the Company paid a cash commission of $193,090, representing 7% of the proceeds raised in respect of a portion of the private placement. The Company also issued 950,950 finders' warrants, representing 7% of the units placed by finders. The finders' warrants were fair valued at $261,321 and were treated as non-cash share issue costs.

(Unaudited – Expressed in Canadian dollars)

8) SHARE CAPITAL – Continued

b) Issued – Continued

(vii) On July 31, 2020, the Company closed a non-brokered private placement. In connection with the closing, the Company issued a total of 10,416,667 units of the Company at a price of $0.72 per unit for gross proceeds of $7,500,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $10 until July 31, 2022. On closing, the Company paid a cash commission of $399,280, representing 6% of the proceeds raised in respect of a portion of the private placement. The Company also issued 554,556 finders' warrants, representing 6% of the units placed by finders. The finders' warrants were fair valued at $679,331 and were treated as non-cash share issue costs.

c) Share purchase options

The Company adopted an incentive stock option plan (the "Plan"), which provides that the number of shares issuable under the Plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan have a maximum term of 10 years. The exercise price of options granted under the Plan may not be less than the discounted market price of the shares on grant date, or such other price as may be agreed to by the Company and accepted by the TSX-V.

The continuity of share purchase options for the period ended January 31, 2021 and year ended October 31, 2020 is as follows:

	Three Months Ended January 31, 2021		Year Ended October 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Balance, beginning of the period	7,695,000	0.62	5,665,000	0.14
Granted	-	-	4,760,000	0.90
Exercised	(300,000)	0.12	(2,605,000)	0.08
Expired/Cancelled	-	-	(125,000)	0.31
Outstanding, end of the period	7,395,000	0.64	7,695,000	0.62
Exercisable, end of the period	7,161,667	0.62	7,345,000	0.59

The options have a weighted average life of 3.98 (October 31, 2020 - 4.23) years.

(Unaudited – Expressed in Canadian dollars)

8) SHARE CAPITAL – Continued

c) Share purchase options – Continued

Expiry Date	Number of Options (Outstanding)	Number of Options (Exercisable)	Exercise Price
			$
May 2, 2023	200,000	200,000	0.12
May 14, 2024	250,000	250,000	0.05
May 21, 2024	500,000	500,000	0.05
May 28, 2024	240,000	240,000	0.06
June 19, 2024	520,000	520,000	0.10
September 10, 2024	1,325,000	1,325,000	0.31
April 3, 2025	1,550,000	1,550,000	0.15
August 5, 2025	2,560,000	2,326,667	1.43
August 6, 2025	250,000	250,000	1.33

The fair value of the share-based payments expense for the period ended January 31, 2021 and year ended October 31, 2020, as determined by the Black-Scholes option pricing model, was estimated using the following assumptions:

	Three Months Ended January 31, 2021 (weighted average)	Year Ended October 31, 2020 (weighted average)
Risk-free interest rate	N/A	1.45%
Expected annual volatility	N/A	135.33%
Expected life (years)	N/A	5
Dividend yield	N/A	0%

The weighted average grant date fair value per option was $Nil (October 31, 2020 - $0.7911).

d) Warrants

The continuity of warrants for the period ended January 31, 2021 and year ended October 31, 2020 is as follows:

	Three Months Ended January 31, 2021		Year Ended October 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		$		$
Balance, beginning of the period	22,016,792	0.45	11,117,562	0.20
Issued	-	-	19,642,230	0.49
Exercised	(910,937)	0.28	(3,880,500)	0.22
Expired	-	-	(4,862,500)	0.19
Outstanding, end of the period	21,105,855	0.46	22,016,792	0.45

The warrants have a weighted average life of 1.90 (October 31, 2020 - 2.12) years.

(Unaudited – Expressed in Canadian dollars)

8) SHARE CAPITAL – Continued

d) Warrants – Continued

Expiry Date	Number of Warrants	Exercise Price
		$
January 30, 2022	1,167,500	0.30
February 13, 2022	1,337,282	0.30
June 17, 2022	1,380,000	0.16
July 31, 2022	5,208,331	1.00
September 6, 2022	1,427,375	0.25
June 4, 2023	10,585,367	0.30

e) Restricted share units

On July 20, 2020, the Company adopted its RSU plan for the purpose of securing for the Company and its shareholders the benefits of incentive inherent in share ownership by the employees, officers and directors of the Company and its affiliates who, in the judgment of the Board of Directors (the "Board") and the Compensation Committee, will be largely responsible for the Company's future growth and success. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSUs and the number of RSUs granted are to be determined by the Board or the Compensation Committee at the time of the grant. Each award granted entitles the participant to receive one RSU. Within two business days of the award grant, the participant must send a written settlement election to the Company choosing whether it wishes the awards to be subject to cash or share settlement procedures.

During the period ended January 31, 2021, the Company granted an aggregate 466,800 (2020 - 362,000) RSUs to officers and directors of the Company. The RSUs vest over a three-year period with one-third vesting on the first anniversary date, one-third on the second anniversary date and the final one-third on the third anniversary date. As of the dates of grant, the Company had not received regulatory approval of its RSU plan, and as a result, the participants have not elected their settlement option of the RSUs. In accordance with IFRS 2 *Share-based Payments*, where there is an option to settle the payment in cash, the entity recognizes the services received and a liability to pay for those services.

Until the liability is settled, the Company remeasures the fair value of the liability at the end of each reporting period and at date of settlement, with any changes in fair value recognized in profit and loss for the period.

During the period ended January 31, 2021, the Company recognized share-based compensation expense related to the RSUs in the amount of $86,409 (2020 - $Nil). The Company recognized a corresponding increase share compensation liability of $86,409. The share compensation liability was remeasured at January 31, 2021 to be $45,692 (October 31, 2020 - $39,249), with the change in fair value of the compensation liability, $79,966, recognized on the condensed consolidated interim statement of loss and comprehensive loss.

(Unaudited – Expressed in Canadian dollars)

8) SHARE CAPITAL – Continued

e) Restricted share units – Continued

The following table summarizes the status of the Company's outstanding RSUs as at January 31, 2021:

Grant date	Vesting Date	RSUs Outstanding	Grant Date Fair Value
			$
August 5, 2020	August 5, 2021	120,666	1.42
August 5, 2020	August 5, 2022	120,667	1.42
August 5, 2020	August 5, 2023	120,667	1.42
January 18, 2021	January 18, 2022	155,600	0.79
January 18, 2021	January 18, 2023	155,600	0.79
January 18, 2021	January 18, 2024	155,600	0.79
		828,800	

The fair value of the RSUs was $580,160 as at January 31, 2021 (October 31, 2020 - $271,500). Fair value is measured using the Company's share price on the date of the grant and on subsequent remeasurement dates.

f) Finders' warrants

The continuity of finders' warrants for the period ended January 31, 2021 and year ended October 31, 2020 is as follows:

	Three Months Ended January 31, 2021		Year Ended October 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		$		$
Balance, beginning of the period	1,456,069	0.57	-	-
Issued	-	-	1,505,506	0.56
Exercised	(60,253)	0.30	(49,437)	0.30
Outstanding, end of the period	1,395,816	0.58	1,456,069	0.57

Expiry Date	Number of Finders' Warrants	Exercise Price
		$
July 31, 2022	554,556	1.00
June 4, 2023	841,260	0.30

The finders' warrants have a weighted average life of 2.00 (October 31, 2020 - 2.27) years.

(Unaudited – Expressed in Canadian dollars)

8) SHARE CAPITAL – Continued

f) Finders' warrants – Continued

The fair value of the finders' warrants granted during the period ended January 31, 2021 and year ended October 31, 2020, as determined by the Black-Scholes option pricing model, was estimated using the following assumptions:

	Three Months Ended January 31, 2021 (weighted average)	Year Ended October 31, 2020 (weighted average)
Risk-free interest rate	N/A	0.29
Expected annual volatility	N/A	152.33%
Expected life (years)	N/A	2.63
Grant date fair value	N/A	0.62
Dividend yield	N/A	0%

9) RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which is the amount agreed to by the related parties.

As at January 31, 2021, the Company owed $110,637 (October 31, 2020 - $235,224) to related parties as follows:

(i) $19,722 (2020 - $67,025) in management fees and $7,618 (2020 - $5,412) in administration fees to Tanadog Management and Technical Services, Inc., a company controlled by the current chairman of the board. In addition, a total of $37,994 (2020 - $57,484) is payable as expense reimbursements;
(ii) $Nil (2020 - $20,000) in management fees to the Company's CFO;
(iii) $Nil (2020 - $40,000) to The Mining Recruitment Group Ltd., a company controlled by the CEO of the Company for consulting fees; and
(iv) $45,303 (2020 - $45,303) to the former CEO of the Company for management fees.

Key management compensation

During the period ended January 31, 2021, the Company paid or accrued compensation to key management, or companies controlled by them, totalling $142,879 (2020 - $128,168). Of this amount:

(i) $5,500 (2020 - $8,250) in management fees to Minhas Consulting Corp., a company controlled by the current CFO;
(ii) $13,333 (2020 - $Nil) in management fees to the current CFO;
(iii) $59,800 (2020 - $69,916) in management fees and $14,246 (2020 - $5,002) in administration fees to Tanadog Management and Technical Services, Inc., a company controlled by the current chairman of the board; and
(iv) $50,000 (2020 - $45,000) in management fees to The Mining Recruitment Group Ltd., a company controlled by the CEO.

During the period ended January 31, 2021, $9,405 (2020 - $10,374) in health and dental benefit premiums were paid on behalf of officers, employees and directors of the Company.

9) RELATED PARTY TRANSACTIONS – Continued

On October 1, 2019, the Company entered into a consulting agreement with a company whereby that company's director was retained to perform executive, technical, managerial and consulting services, as directed by the Company's Board, to act as executive chair of the Company, to serve as a director of the Company and to hold such additional offices to which he may be appointed by the Company or any subsidiary of the Company. The agreement is effective September 1, 2019 for a term of one year with automatic renewals of consecutive one-year terms. Pursuant to the agreement, the consultant will receive a consulting fee at the base rate of US$144,000 per annum, payable in equal monthly instalments of US$12,000.

On October 1, 2019, the Company entered into a consulting agreement with a company whereby that company's president was retained to perform executive, managerial and consulting services, as directed by the Company's Board, to act as president and chief executive officer of the Company, to serve as a director of the Company and to hold such additional offices to which he may be appointed by the Company or any subsidiary of the Company. The agreement is effective October 1, 2019 for a term of one year with automatic renewals of consecutive one-year terms. Pursuant to the agreement, the consultant will receive a consulting fee at the base rate of $180,000 per annum, payable in equal monthly instalments of $15,000.

Pursuant to the agreements:

(i) The annual base rates are subject to increase at the Board's discretion;
(ii) The consultants are entitled to receive an annual bonus, as determined at the Board's discretion;
(iii) The consultants are entitled to participate in the Company's stock option plan;
(iv) The consultants may terminate the agreements upon three months' written notice and will receive a termination payment equal to the then applicable base rate per annum if terminated for other than cause; and
(v) If at any time during the term of the agreements there is a change of control (as defined) and the contracts are terminated within six months of the date of change of control, the consultants will receive an amount equal to two times both the then applicable base rate and any bonus paid or payable in respect of the Company's most recently completed financial year.

On November 1, 2019, the Company entered into an employment agreement with its corporate secretary for a term of one year with automatic renewals. Pursuant to the agreement, the corporate secretary will:

(i) Receive a severance benefit equal to three times his current monthly salary, which shall increase by one month per year to a maximum of six months. In addition, his coverage under employee benefit programs will continue for an equal period of time unless the Company elects to pay a lump sum cash payment equal to the projected cost of maintaining him in such programs in lieu; and
(ii) If at any time during the term of the agreement there is a change of control (as defined) and his employment is terminated within six months of the date of change of control, he will receive an amount equal to six times his current monthly salary, which will increase by one month per year to a maximum of 12 months and benefits for the same period in lieu of notice, severance, damages or other payments.

9) RELATED PARTY TRANSACTIONS – Continued

On January 1, 2021, the Company entered into an employment agreement with its CFO. Pursuant to the agreement, the CFO:

(i) Is eligible for a target annual bonus based on the Company achieving its annual targets, individual performance and according to the annual bonus plan, as determined by the Compensation Committee;
(ii) If terminated without cause or if he leaves the Company within six months of a change of city from which the Company carries on business, he is entitled to three months of his current annual base salary plus the pro rata amount of the previous year's annual bonus plus the cash equivalent of accrued vacation pay; and
(iii) If terminated within six months of a change of control (as defined), he is entitled to receive severance pay equal to 12 months of annual base salary, plus the pro rata amount of the previous year's annual bonus plus the cash equivalent of accrued vacation pay.

10) CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its projects. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents. There are no external restrictions on the use of the Company's capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets and its ability to compete for investment or support of its projects.

11) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Financial instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3: Inputs that are not based on observable market data.

Cash is measured using Level 1, while the Company's share compensation liability is measured using Level 2. The Company does not have any financial instruments that are measured using Level 3 inputs. During the period, there were no transfers between Level 1, Level 2 and Level 3 classified assets and liabilities.

11) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS – Continued

The Company's financial instruments are exposed to certain financial risks, including the following:

Financial risk factors

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with two major banks in Canada. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at January 31, 2021, the Company had cash of $1,860,385 (October 31, 2020 - $6,589,531) to settle current liabilities of $871,076 (October 31, 2020 - $1,494,822). The Company is not subject to significant liquidity risk.

Foreign currency risk
The Company's functional currency is the Canadian dollar; however, there are expenses, assets and liabilities in US dollars. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. As at January 31, 2021, the Company had cash balances of US$559,066 (October 31, 2020 - US$2,267,749), loans payable of $Nil (October 31, 2020 - $Nil) and accounts payable and accrued liabilities of US$567,110 (October 31, 2020 - US$937,051). The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

12) COMMITMENTS AND CONTINGENCIES

Commitments related to the Property are disclosed in Note 6. The Company has no other commitments that extend more than 12 months into the future.

The Company has corporate credit cards with limits totalling $30,000. The guaranteed investment certificate ("GIC") is being held as security for the credit cards by the bank. The GIC matures on October 21, 2021 and has an interest rate of 1%.

13) SUBSEQUENT EVENTS

The following transactions, not disclosed elsewhere in the financial statements, occurred subsequent to the period-end:

a) On February 19, 2021, the Company closed its previously announced financing on January 29, 2021, an upsized bought-deal public offering (the "Offering"), which includes full exercise of the over-allotment option. Under the Offering, a total of 14,375,000 units of the Company (the "Units") at a price of $0.72 per Unit (the "Unit Price") were sold on a "bought deal" basis for gross proceeds of $10,350,000. Each Unit is comprised of one common share in the capital of the Company (each a "Common Share") and one-half of one Common Share purchase warrant (each a "Warrant"). Each whole Warrant is exercisable into one Common Share at a price of $1.10 at any time on or before the date that is 36 months after the closing date of the Offering, February 19, 2024. The Offering was led by Red Cloud Securities Inc. as lead underwriter and sole bookrunner on behalf of a syndicate of underwriters that included Canaccord Genuity Corp., Mackie Research Capital Corporation and PI Financial Corp. (collectively, the "Underwriters").

13) SUBSEQUENT EVENTS – Continued

a) Continued
In connection with the Offering, the Underwriters received a total cash commission of $586,878 and 419,402 non-transferable broker warrants, each entitling the Underwriters to purchase one Common Share of the Company at a price of $0.72 until February 19, 2024. In addition, the Company also paid approximately $79,000 in legal fees, disbursements and out-of-pocket expenses for the Underwriters.

The proceeds of the Offering will be used to fund the exploration of the Company's Tonopah West and Silver Cloud properties and for working capital and general corporate purposes.

b) On February 25, 2021, the Company announced the grant of 2,510,000 share purchase options to directors, officers, employees and consultants. The share purchase options have an exercise price of $0.91 per common share for a period of five years.

c) Subsequent to period-end, 300,000 share purchase warrants were exercised for total proceeds of $90,000.