NOVA ROYALTY CORP.

FINANCIAL STATEMENTS
(Audited - Expressed in Canadian Dollars)

December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Nova Royalty Corp.

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Guy Thomas.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 30, 2021

NOVA ROYALTY CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	December 31 2020	December 31 2019
ASSETS		
Current assets		
Cash	$ 5,400,687	$ 157,098
Receivables (Note 3)	75,484	6,894
Prepaid expenses	86,626	4,167
Total current assets	5,562,797	168,159
Non-current assets		
Royalty interests (Note 4)	29,859,355	3,521,049
Deferred acquisition costs (Note 5)	75,658	46,154
Total non-current assets	29,935,013	3,567,203
TOTAL ASSETS	$35,497,810	$ 3,735,362
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 3,769,570	$ 262,190
Total current liabilities	3,769,570	262,190
Non-current liabilities		
Other payables (Note 6)	637,046	-
Convertible debenture (Note 7)	3,026,912	-
Total non-current liabilities	3,663,958	-
Total liabilities	7,433,528	262,190
EQUITY		
Share capital (Note 8)	31,134,746	3,703,537
Commitment to issue shares	28,572	-
Reserves	1,327,472	775,154
Deficit	(4,426,508)	(1,005,519)
Total equity	28,064,282	3,473,172
TOTAL LIABILITIES AND EQUITY	$35,497,810	$ 3,735,362

Nature of operations and going concern (Note 1)
Commitments (Note 12)
Events after reporting date (Note 14)

These financial statements were authorized for issuance by the Board of Directors on April 28, 2021.

Approved by the Board of Directors

"Alex Tsukernik" Director *"E.B. Tucker"* Director

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

NOVA ROYALTY CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year ended December 31 2020	Year ended December 31 2019
Revenue and other income	$ 2,063	$ 5,000
General and administrative expenses		
Consulting fees (Note 9)	1,264,547	285,612
Office and administrative expenses	69,085	16,615
Professional fees (Note 9)	533,865	140,798
Share-based payments (Note 8 and 9)	1,361,349	438,604
Transfer agent and filing fees	142,794	2,169
Travel and related expenses	13,157	47,060
	3,384,797	930,858
Loss from operations	(3,382,734)	(925,858)
Interest on convertible debenture (Note 7)	(90,598)	-
Other expenses	(40,447)	(2,371)
Foreign exchange gain (loss)	45,982	789
Loss before income taxes	(3,467,797)	(927,440)
Deferred income tax recovery (Note 13)	46,808	-
Loss and comprehensive loss	$ (3,420,989)	$ (927,440)
Basic and diluted loss per share	$ (0.11)	$ (0.04)
Weighted average number of shares outstanding	31,135,432	21,422,809

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

NOVA ROYALTY CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended December 31 2020	Year ended December 31 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (3,420,989)	$ (927,440)
Items not affecting cash:		
Shares and commitment to issue shares for services	128,002	-
Share-based payments	1,361,349	438,604
Interest on convertible debenture	90,598	-
Deferred income tax recovery	(46,808)	-
Unrealized foreign exchange effect	(107,509)	-
Changes in non-cash operating working capital items		
Receivables	(68,590)	(4,057)
Prepaid expenses	(82,459)	(4,167)
Accounts payable and accrued liabilities	656,898	148,486
Net cash used in operating activities	(1,489,508)	(348,574)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of royalty interests	(18,008,646)	(1,952,244)
Deferred acquisition costs	(75,658)	-
Net cash used in investing activities	(18,084,304)	(1,952,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	20,270,461	964,650
Share issue costs	(1,313,559)	(76,743)
Convertible debenture withdrawn	3,500,000	-
Financing costs for convertible debenture	(364,931)	-
Exercise of stock options and share purchase warrants	2,725,171	-
Net cash provided by financing activities	24,817,142	887,907
Effect of exchange rate changes on cash	259	-
Change in cash	5,243,589	(1,412,911)
Cash, beginning of year	157,098	1,570,009
Cash, end of year	$ 5,400,687	$ 157,098

Supplemental disclosure with respect to cash flows (Note 10)

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

NOVA ROYALTY CORP.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Subscriptions received in advance	Commitment to issue shares	Reserves	Deficit	**Total equity**
Balance as at December 31, 2018	13,582,000	$ 1,591,287	$ 125,000	$ -	$ 18,068	$ (78,079)	$ 1,656,276
Shares issued for cash	4,458,600	1,114,650	(150,000)	-	-	-	964,650
Units issued for royalty interests	3,669,018	917,255	-	-	343,482	-	1,260,737
Shares issued for royalty interests	460,000	115,000	-	-	-	-	115,000
Share issue costs	-	(34,655)	-	-	-	-	(34,655)
Share-based payments	-	-	25,000	-	413,604	-	438,604
Loss of the year	-	-	-	-	-	(927,440)	(927,440)
Balance as at December 31, 2019	22,169,618	3,703,537	-	-	775,154	(1,005,519)	3,473,172
Shares issued for cash	21,640,672	20,270,461	-	-	-	-	20,270,461
Shares issued for royalty interests	3,324,554	4,688,728	-	-	-	-	4,688,728
Share issue costs	-	(1,376,625)	-	-	63,066	-	(1,313,559)
Stock options exercised	550,000	240,479	-	-	(102,979)	-	137,500
Share purchase warrants exercised	8,303,401	2,633,736	-	-	(46,065)	-	2,587,671
Convertible debenture - equity component	-	-	-	-	151,947	-	151,947
Shares for services	246,004	99,430	-	28,572	-	-	128,002
Share-based payments	1,750,000	875,000	-	-	486,349	-	1,361,349
Loss of the year	-	-	-	-	-	(3,420,989)	(3,420,989)
Balance as at December 31, 2020	57,984,249	$31,134,746	$ -	$ 28,572	$ 1,327,472	$ (4,426,508)	$28,064,282

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nova Royalty Corp. (the "Company") is a royalty company focused on nickel and copper deposits. The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on July 20, 2018 and changed its name to Nova Royalty Corp. on June 9, 2020. The Company's head office, registered, and records office address is 501 – 543 Granville Street, Vancouver, British Columbia, Canada. The Company filed a non-offering prospectus to apply for trading on the TSX Venture Exchange ("TSX-V") and October 1, 2020, the common shares of the Company commenced trading on the TSX-V under the ticker symbol "NOVR". On January 18, 2021, the Company commenced trading on the OTCQB under the ticker symbol "NOVRF".

These financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuing operations and the ability of the Company to meet commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing, or the realization of cash generating royalty interests. At the date of these financial statements, the Company has not realized cash generating operations on any of its planned royalty interests. The Company has not achieved profitable operations and has accumulated losses since inception. Management estimates it has sufficient cash and available credit to continue operations for the next 12 months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements 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 ("IFRIC").

Basis of Measurement and Presentation

These financial statements have been prepared on a historical cost basis except for assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars ("CAD"), which is also the Company's functional currency.

Foreign currency translation

The functional currency of the Company is the Canadian dollar, which is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, other payables, and convertible debenture. All financial instruments are initially recorded at fair value and designated as follows: Cash and receivables are classified as financial assets at amortized cost and accounts payable and accrued liabilities, other payables, and liability component of convertible debenture are classified as financial liabilities at amortized cost. Both financial assets at amortized cost and financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

The Company's financial assets which are subject to credit risk include cash and receivables. Application of the expected credit loss model at the date of adoption did not have a significant impact on the Company's financial assets because the Company determined that the expected credit losses on its financial assets were nominal.

Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire. On derecognition, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability obtained) is recognized in profit or loss.

Royalty interests

Royalty interests consist of acquired royalty interests pursuant to purchase agreements. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred.

On acquisition of a royalty interest, an allocation of its cost is attributed to the exploration potential of the interest and is recorded as an asset on the acquisition date. The value of the exploration potential is accounted for in accordance with IFRS 6 Exploration and Evaluation of Mineral Resources and is not depleted until such time as the technical feasibility and commercial viability have been established at which point the value of the asset is accounted for in accordance with IAS 16 Property, Plant and Equipment.

Acquisition costs of production stage royalty interests are depleted using the units of production method over the life of the related mineral property, which is calculated using estimated reserves. Acquisition costs of royalty interests on exploration stage mineral properties, where there are no estimated reserves, are not amortized. At such time as the associated exploration stage mineral interests are converted to estimated reserves, the cost basis is amortized over the remaining life of the mineral property, using the estimated reserves. The carrying values of exploration stage mineral interests are evaluated for impairment at such time as information becomes available indicating that production will not occur in the future.

Share-based payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

Stock options granted to directors, officers, and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based payment recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

Compensatory warrants for good or services provided are recorded at fair value based on the Black-Scholes option pricing model.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Valuation of equity units issued in private placements

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

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded in reserves.

Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in profit or loss on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in profit or loss.

Joint arrangement

A joint arrangement can take the form of a joint venture or joint operation. All joint arrangements involve a contractual arrangement that establishes joint control, which exists only when decisions about the activities that significantly affect the returns of the investee require unanimous consent of the parties sharing control. A joint operation is a joint arrangement in which we have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which we have rights to only the net assets of the arrangement.

Joint operations are accounted for by recognizing our share of the assets, liabilities, revenue, expenses and cash flows of the joint operation in these financial statements. The Company has no joint arrangements accounted for as a joint venture.

Revenue and other income

Revenue is comprised of revenue earned in the period from royalty interests, including all revenue related to advance minimum royalty payments in accordance with the underlying agreement. In accordance with IFRS 15, the Company will recognize revenue that depicts the transfer of the relevant commodity to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those commodities. For the Company's royalty interests, revenue recognition occurs when the relevant commodity is transferred to the end customer by the operator of the related property. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Revenue and other income (cont'd…)

In some instances, the Company will not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known. Under the terms of certain royalty agreements, revenue may be subject to adjustment upon final settlement of estimated metal prices, weights, and assays. Provisionally-priced revenues are initially recognized based on forward prices. Adjustments to revenue from metal prices are recorded at each reporting period and other adjustments are recorded on final settlement and are offset against revenue when incurred.

Loss per share

The Company presents basic and diluted loss per share ("EPS") data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted EPS is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted EPS assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Diluted EPS does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is antidilutive.

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decisionmaker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer ("CEO").

The Company operates in a single segment, the acquisition and management of royalty interests. In addition, the Company has corporate activities, which include the evaluation and acquisition of new royalty and similar production-based interests, treasury and finance, regulatory reporting, and corporate administration. Geographic information of the Company's royalty interest are included in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Critical accounting estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about significant areas of estimation uncertainty and judgments made by management in preparing the financial statements are described below. The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, 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 period in which the estimates are revised and in any future periods affected.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Deferred acquisition costs

Recorded costs for deferred acquisition assets are not intended to reflect present or future values of royalty interests. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that a change in future conditions could require a material change in the recognized amount.

Fair value of share-based payments

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

Royalty interests

In accordance with the Company's accounting policy, royalty interests are evaluated on a periodic basis to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of a royalty asset is measured at the higher of fair value less costs to sell and value in use. The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, the proportion of areas subject to royalty rights, commodity prices (considering current and historical prices, price trends and related factors), and reserves. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss.

Valuation of convertible debentures

The equity component of the convertible debenture is calculated using a discounted cash flow method, which requires management to make an estimate on an appropriate discount rate.

(Expressed in Canadian Dollars)

3. RECEIVABLES

	December 31 2020	December 31 2019
GST/VAT and other taxes recoverable	$ 53,706	$ 6,894
Other receivables	21,778	-
	$ 75,484	$ 6,894

The Company's receivables arise from goods and services tax receivable from government taxation authorities and amounts due from a joint operating partner.

4. ROYALTY INTERESTS

	Taca Taca	NuevaUnión	Other	Total
As at December 31, 2018	$ -	$ -	$ -	$ -
Dumont		-	3,357,582	3,357,582
Pacific Empire portfolio	-	-	163,467	163,467
As at December 31, 2019	-	-	3,521,049	3,521,049
NuevaUnión	-	4,348,380		4,348,380
Wollaston Copper Belt portfolio	-	-	1,819,882	1,819,882
Taca Taca	17,516,996	-	-	17,516,996
Twin Metals	-	-	2,653,048	2,653,048
As at December 31, 2020	$ 17,516,996	$ 4,348,380	$ 7,993,979	$ 29,859,355

Twin Metals royalty

In November 2020, the Company acquired a 2.4% net smelter returns ("NSR") royalty on a portion of the Twin Metals Minnesota's copper-nickel-platinum group metals project (the "TMM Project") located in Minnesota owned by Antofagasta plc ("Antofagasta") from a subsidiary of Boart Longyear Ltd. (ASX:BLY). Up-front consideration consisted of US$1,800,000 ($2,357,190) in cash and 161,572 common shares of the Company, valued at $258,515, with additional conditional payments totaling up to an additional US$4,000,000 payable in cash and common shares upon the completion of certain milestones with respect to the TMM Project.

Taca Taca royalty

In October 2020, the Company acquired a 0.24% NSR royalty on the Taca Taca copper-gold-molybdenum project in Salta Province of Argentina ("Taca Taca") from certain private sellers for up-front consideration of US$8,500,000 ($11,070,230) and 2,000,000 common shares of the Company, valued at $3,200,000, with additional payments of US$500,000 six months after closing, US$1,000,000 twelve months after closing, and US$500,000 twenty-four months after closing. As part of the acquisition, the Company paid a 2% finder's fee through the issuance of 212,702 common shares valued at $340,323. The royalty is subject to a buyback right based on the proven reserves at Taca Taca in a feasibility study completed by a recognized, international consulting firm that is contracted by mutual consent of all parties, including royalty holders. The buyback amount will be equivalent to the amount of the proven reserves multiplied by the prevailing market prices of all applicable commodities within Taca Taca.

Wollaston Copper Belt exploration royalties

In September 2020, the Company entered into a royalty purchase agreement with Transition Metals Corp. ("TMC") pursuant to which the Company acquired a portfolio of royalties, which includes:

a) an existing 1.0% NSR royalty on the Janice Lake copper-silver project in Saskatchewan being advanced by Rio Tinto Exploration Canada Inc. (subject to a right of the royalty payor to buy back 0.375% of the royalty for $750,000 prior to commercial production);
b) a 1.0% NSR royalty on the Wollaston project;
c) a 1.25% NSR royalty on the Dundonald nickel project, and
d) six other royalties on exploration properties.

The Company will retain a right of first refusal ("ROFR") on the sale of any of TMC's retained NSR royalty interests on the Janice Lake, Dundonald, West Matachewan, and the Elephant Head projects.

4. ROYALTY INTERESTS (cont'd…)

Wollaston Copper Belt exploration royalties (cont'd…)

Total consideration for the acquisition includes deposit payment of $135,000, closing payment of $937,500, and 525,000 common shares of the Company, valued at $677,250. The Company has also agreed to make additional contingent payments to TMC upon achievement of the following milestones in respect of the Janice Lake project:

a) $1,000,000 in cash upon the completion of a bankable feasibility study or the commencement of commercial production on the Janice Lake property; and
b) $1,000,000 in common shares if the projected annual production of the Janice Lake property is at least 30,000 tonnes of contained copper for a minimum of 10 years.

NuevaUnión royalty

In February 2020, the Company acquired an existing 2.0% NSR royalty on future copper production on the Cantarito claim which makes up part of the La Fortuna deposit in the Huasco Province in the Atacama Region of Chile. The acquisition was completed as a joint venture with Metalla Royalty & Streaming Ltd. ("Metalla"; TSXV:MTA) with the companies having formed a special purpose vehicle to hold the Cantarito royalty. The aggregate consideration of US$8,000,000 is split between the Company and Metalla, where the Company has agreed to pay 75% or US$6,000,000. On closing the Company paid US$2,250,000 ($2,992,635) in cash. In February 2021, the Company paid US$750,000 ($952,867) in cash (Note 14). The Company has agreed to pay a further US$1,500,000 in cash and US$1,500,000 in common shares upon the achievement of commercial production at the La Fortuna deposit. As part of the acquisition, the Company paid a finder's fee through the issuance of 425,280 common shares valued at $212,640.

Pacific Empire royalty portfolio

In March 2019, the Company acquired a portfolio of royalties from Pacific Empire Minerals Corp. ("PEMC"). The portfolio includes a 1.0% NSR royalty on all metals and minerals produced from PEMC's Copper King, NUB East, and NWT projects. As part of the agreement, PEMC also agreed to grant to the Company a right to acquire a 1.0% NSR on all metals and minerals produced from PEMC's Pinnacle Reef project in the event the existing option agreement on this property is terminated or expires. PEMC has also agreed to grant the Company a ROFR on any future royalty or streaming transactions on the projects. Pursuant to the agreement for these three royalties, the Company paid $10,000 in cash and issued 345,000 common shares valued at $86,250.

In August 2019, as a result of the termination of the existing option agreement on the Pinnacle Reef property, the Company exercised its right to acquire the 1.0% NSR royalty on the Pinnacle Reef property for 115,000 common shares valued at $28,750.

Dumont royalty

In January 2019, the Company completed the acquisition of a 2.0% NSR royalty on the Dumont nickel-cobalt project in Quebec, Canada from two private royalty holders by way of exercise of an option to purchase agreement. The acquisition price was $2,000,000 in cash and 3,669,018 units of the Company, with each unit consisting of one common share and one half of one common share purchase warrant. The compensatory warrants were valued at $343,482 using the Black-Scholes option pricing model with the following assumptions: exercise price of $0.25, risk-free interest rate of 1.93%, dividend yield of 0%, volatility of 100% and an expected life of 5 years. The royalty covers future production on a portion of the Dumont project, which was previsouly held by Karora Resources Inc. ("Karora") and Waterton Global Resource Management ("Waterton") by way of a joint venture agreement. In January 2021, Karora sold its interest to Waterton, who has the option to buy back 1% of the NSR royalty for $1,000,000.

(Expressed in Canadian Dollars)

5. DEFERRED ACQUISITION COSTS

	December 31 2020	December 31 2019
Opening balance	$ 46,154	$ 222,725
Additions	75,658	46,154
Reallocation for completed acquisitions	(46,154)	(222,725)
	$ 75,658	$ 46,154

Costs incurred or accrued prior to the execution and closing of a royalty agreement are deferred. Deferred costs are re-allocated to royalty interests upon signing of a definitive agreement. If management determines not to proceed with a proposed acquisition, the deferred costs are expensed at that time.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31 2020	December 31 2019
Trade and other payables	$ 325,336	$ 106,061
Payables on Taca Taca acquisition (Note 4)	2,548,182	-
Payables on NuevaUnión acquisition (Note 4)	955,501	-
Accrued liabilities	577,597	156,129
	4,406,616	262,190
Less: current portion	3,769,570	262,190
Non-current portion	$ 637,046	$ -

7. CONVERTIBLE DEBENTURE

	Total
As at December 31, 2019	$ -
Additions	3,500,000
Financing costs	(364,931)
Allocation of conversion feature	(198,755)
Interest expense	90,598
	3,026,912
Less: current portion	-
Non-current portion	$ 3,026,912

In October 2020, the Company obtained a convertible loan facility of up to $13,000,000 with Beedie Capital ("Beedie") to fund acquisitions of royalties and streams. The loan was funded by way of an initial advance of $3,500,000 at closing, and the remaining $9,500,000 available for subsequent advances in minimum tranches of $1,500,000 over the term of the loan. The initial advance is convertible into common shares of the Company at a conversion price of $1.00 per share and with respect to any subsequent advance, at a conversion price equal to a 20% premium above the 30-day volume-weighted average price ("VWAP") of the Company's common shares on the TSX-V. The loan carries an interest rate of 8.0% on advanced funds and 1.5% on standby funds available, with the principal payment due 48 months after closing. The Company has an option under the loan to defer any interest payments during the first 24 months. Beedie also committed to a subscription of $2,000,000 in the Company's first public offering that subsequently closed in November 2020. In October 2020, the Company drew down the initial advance of $3,500,000, of which $2,936,314 was allocated to the liability portion and the residual value of $198,755 was allocated to the conversion feature as equity, net of transaction costs, and a deferred tax liability of $46,808 related to the taxable temporary difference arising from the equity portion of the convertible loan was recognized in equity reserves. The effective interest rate on the liability was 13.2% per annum, with an expected life of four years. During the year ended December 31, 2020, the Company paid or accrued standby charges of $33,575 (2019 - $Nil). As at December 31, 2020, the Company was in good standing with the covenants, which include maintaining at least $500,000 of cash and marketable securities at all times. Subsequent to December 31, 2020, all outstanding amounts related to the initial advance were converted into common shares of the Company and the Company entered into an amended and restated convertible loan facility (Note 14).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

As at December 31, 2020, the authorized share capital consists of an unlimited number of common shares without par value, of which 4,674,000 (2019 - Nil) common shares were held in escrow to be released over time to April 2022.

Issued share capital

During the year ended December 31, 2020, the Company:

a) issued 9,947,500 common shares at $1.45 per share for gross proceeds of $14,423,875 with aggregate commissions paid and other share issue costs $931,550;
b) issued 11,693,172 for special warrants at $0.50 per share for gross proceeds of $5,846,586, where each special warrant was deemed exercised into one unit of the Company upon the completion of its listing on the TSX-V. Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at $1.00 per share for 24 months following the closing date, subject to an acceleration clause. The Company paid share issue costs of $239,232 and issued 239,000 broker warrants exercisable at $0.50 per share for 24 months, where the fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.52%, dividend yield of 0%, volatility of 100%, forfeiture rate of 0%, and an expected life of 2 years;
c) issued 3,324,554 common shares, valued at $4,688,729, for acquisition of royalty interests and associated finder's fees;
d) issued 8,853,401 common shares for proceeds of $2,725,171 on the exercise of stock options and share purchase warrants;
e) issued 246,004 common shares and recognized a commitment to issue 57,143 common shares, valued at $28,572 for services provided; and
f) issued 1,750,000 common shares, valued at $875,000, for restricted share units ("RSUs") vested.

During the year ended December 31, 2019, the Company:

a) issued 2,059,600 units at $0.25 per unit for gross proceeds of $514,900, of which $150,000 was received during fiscal year 2018. Each unit was consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at $0.40 per share until January 10, 2021;
b) issued 3,669,018 units valued at $917,255 or $0.25 per units to acquire the Dumont royalty. Each unit consisted of one common share and one-half share purchase warrant, where each full warrant is exercisable at $0.25 per share until January 16, 2024;
c) issued 2,399,000 units at $0.25 per unit for gross proceeds of $599,750. Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at $0.40 per share until February 22, 2021; and
d) issued 460,000 common shares valued at $115,000 or $0.25 per share to acquire the PEMC portfolio.

Stock options

As at December 31, 2020, the Company has adopted a share compensation plan (the "Plan") approved by the Company's shareholders. The maximum number of shares that may be reserved for issuance under the plan is limited to 6,952,558, with 3,476,279 allocated to options and 3,476,279 allocated to RSUs. The vesting terms, if any, are determined by the Company's Board of Directors at the time of the grant.

The continuity of stock options for the years ended December 31, 2020 and 2019 is as follows:

	Outstanding	Weighted average exercise price
As at December 31, 2018	-	$ -
Granted	3,150,000	0.25
As at December 31, 2019	3,150,000	0.25
Exercised	(550,000)	0.25
As at December 31, 2020	2,600,000	$ 0.25

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

As at December 31, 2020, the weighted average remaining life of the stock options outstanding is 3.17 (2019 - 4.17) years with vesting periods of up to 24 months. The Company's outstanding stock options as at December 31, 2020 are as follows:

Expiry date	Exercise price	Outstanding	Exercisable
March 1, 2024	$ 0.25	2,600,000	1,943,750

Restricted share units

As at December 31, 2020, the Company has the Plan approved by the Company's shareholders, with the maximum number of shares that may be reserved for issuance under the plan is limited to 3,476,279 for RSUs. The vesting terms, if any, are determined by the Company's Board of Directors at the time of the grant.

The continuity of RSUs for the years ended December 31, 2020 and 2019 are as follows:

	Outstanding
As at December 31, 2018 and 2019	-
Granted	3,150,000
Vested	(1,750,000)
As at December 31, 2020	1,400,000

As at December 31, 2020, the weighted average remaining life of the RSUs outstanding was 0.71 years with vesting periods of up to 24 months. The Company's outstanding RSUs as at December 31, 2020 are as follows:

Expiry date	Outstanding
Apr 27, 2022	1,400,000

Share purchase warrants

The continuity of share purchase warrants for the years ended December 31, 2020 and 2019 are as follows:

	Outstanding	Weighted average exercise price
As at December 31, 2018	6,791,000	$ 0.22
Granted	4,063,810	0.33
As at December 31, 2019	10,854,810	0.26
Granted	6,085,586	0.98
Exercised	(8,303,401)	0.31
As at December 31, 2020	8,636,995	$ 0.72

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Share purchase warrants (cont'd…)

As at December 31, 2020, the weighted average remaining life of the share purchase warrants outstanding was 1.42 (2019 - 1.72) years. The Company's outstanding share purchase warrants as at December 31, 2020 are as follows:

Expiry date		Exercise price	Outstanding
January 10, 2021[1]	$	0.40	40,000
February 22, 2021[1]		0.40	140,000
March 1, 2021[1]		0.40	427,500
July 20, 2021[1]		0.10	400,000
September 10, 2021[1]		0.10	250,000
February 7, 2022[1]		1.00	125,000
February 11, 2022[1]		1.00	3,156,500
February 12, 2022[1]		1.00	200,000
February 19, 2022		0.50	132,899
February 19, 2022[1]		1.00	1,930,586
January 16, 2024[1]		0.25	1,834,510

[1] Exercised subsequently

Share-based payments and share-based payment reserve

During the year ended December 31, 2019, the Company granted 3,150,000 stock options with a fair value of $0.19 per option. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

Weighted average:	December 31 2020	December 31 2019
Risk free interest rate	n/a	1.93%
Expected dividend yield	n/a	0%
Expected stock price volatility	n/a	100%
Expected life in years	n/a	5
Forfeiture rate	n/a	0%

In accordance with the vesting terms of stock options and RSUs granted, the Company recorded a charge to share-based payments expense of $1,361,349 (2019 - $438,604) with an offsetting credits of $486,349 (2019 - $438,604) to share-based payments reserves and $875,000 (2019 - $Nil) to share capital during the year ended December 31, 2020.

9. RELATED PARTY BALANCES AND TRANSACTIONS

The Company considers key management personnel to include its management, outside directors, and any entity controlled by them. The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

For the year ended December 31, 2020		Salary or fees		Share-based payments		Total
Management	$	631,823	$	444,485	$	1,076,308
Directors		-		428,251		428,251
	$	631,823	$	872,736	$	1,504,559

For the year ended December 31, 2019		Salary or fees		Share-based payments		Total
Management	$	133,562	$	75,651	$	209,213
Directors		-		52,520		52,520
	$	133,562	$	128,171	$	261,733

(Expressed in Canadian Dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd…)

During the year ended December 31, 2020, the Company paid or accrued $676,885 (2019 - $185,892) to DLA Piper (Canada) LLP ("DLA Piper") and Gowling WLG (Canada) LLP ("Gowling"), law firms in which a director is a current and former partner respectively. The aggregate amount has been allocated as follows: $293,006 (2019 - $64,742) for legal expenses and the listing on the TSX-V and OTCBQ, $201,021 (2019 - $32,407) for debt and equity financing costs, and $182,797 (2019 - $88,743) for royalty interest acquisition costs.

During the year ended December 31, 2020, the Company paid or accrued $105,001 (2019 - $45,000) to Seabord Services Corp. ("Seabord"). Seabord provides the following services: A Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administration staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company. During the year ended December 31, 2020, the Company issued 200,004 common shares to Seabord for $76,430 in services provided.

As at December 31, 2020, included in accounts payable and accrued liabilities is $382,227 (2019 - $1,847) to key management personnel for fees and reimbursable expenses, $45,000 (2019 - $45,000) to Seabord, and $53,000 to DLA Piper (2019 - $102,741 to Gowling). In addition, as at December 31, 2020, the Company has commitment to issue 57,144 common shares, valued at $28,572, to Seabord for services rendered.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing activities

During the year ended December 31, 2020, the Company:

a) issued 3,324,554 common shares, valued at $4,688,728, pursuant to royalty interest acquisition agreements;
b) accrued $3,533,683 in accounts payable and accrued liabilities pursuant to staged payments in royalty interest acquisition agreements;
c) reallocated $46,154 of deferred acquisition costs to royalty interests on execution of the related acquisition agreement;
d) reallocated $198,755 to reserve for the conversion feature of the Beedie convertible loan;
e) issued 239,000 share purchase warrants, valued at $63,066, as finder's fees;
f) reallocated $149,044 from reserves to share capital for 550,000 stock options and 8,303,401 share purchase warrants exercised.

During the year ended December 31, 2019, the Company:

a) issued 4,129,018 of common shares, valued at $1,032,255, pursuant to royalty interest acquisition agreements;
b) issued 1,834,510 warrants, valued at $343,482, pursuant to royalty interest acquisition agreements;
c) reallocated $222,725 of deferred acquisition costs to royalty interests on execution of the related acquisition agreement;
d) reallocated subscriptions received in advance of $150,000 related to the issuance of 600,000 common shares for which the proceeds were received in the prior year; and
e) recorded deferred acquisition cost of $46,154 in accounts payable and accrued liabilities.

11. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	December 31 2020	December 31 2019
Financial assets - amortized cost:		
Cash	$ 5,400,687	$ 157,098
Receivables	21,778	-
Financial liabilities - amortized cost:		
Accounts payable and accrued liabilities	3,769,570	262,190
Other payables	637,046	
Convertible debenture	$ 3,026,912	$ -

11. FINANCIAL INSTRUMENTS (cont'd…)

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities; (b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and (c) Level 3 - Inputs for assets and liabilities that are not based on observable market data. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The carrying value of cash, receivables, accounts payable and accrued liabilities, and other payables approximated their fair value because of the short-term nature of these instruments. The fair values of the Company's convertible debenture is approximated by their carrying values as its interest rates are comparable to current interest rates.

The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are metal price risk, credit risk, liquidity risk, currency risk, and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

Capital risk management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company is subject to externally imposed financial capital covenant as disclosed in Note 7.

Credit risk

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and receivables. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts to ensure there is sufficient capital to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash as well as anticipated proceeds from future financings. The Company believes that these sources are sufficient to cover the likely short-term cash requirements, but that further funding will be required to meet long-term requirements. The maturities of the Company's non-current liabilities are disclosed in Notes 6 and 7. All current liabilities are settled within one year.

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company primarily operates in Canada and the United States and incurs expenditures in currencies other than Canadian dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. The Company has not hedged its exposure to currency fluctuations. Based on the above net exposure, as at December 31, 2020, and assuming that all other variables remain constant, a 1% depreciation or appreciation of the Canadian dollar against the United States dollar would result in an increase/decrease in the Company's pre-tax income or loss of approximately $31,000.

(Expressed in Canadian Dollars)

12. COMMITMENTS

	Less than 1 year	1 to 4 years	Over 4 years	Total
Trade and other payables	$ 902,933	-	-	$ 902,933
Payments related to acquisitions	2,866,637	637,046	-	3,503,683
Convertible debenture	280,000	4,275,370	-	4,555,370
	$ 4,049,570	$ 4,912,416	$ -	$ 8,961,986

In addition to the commitments above, the Company could in the future have additional commitments payable in cash and/or common shares related to the acquisition of royalty interests as disclosed in Note 4. However, these payments are subject to certain triggers or milestone conditions that have not been met as at December 31, 2020.

13. INCOME TAXES

Income tax expense differs from the amount that would result from applying Canadian income tax rates to earnings before income taxes. These differences result from the following items:

For the years ended	December 31 2020	December 31 2019
Loss before income taxes	$ (3,467,797)	$ (927,440)
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax recovery at statutory income tax rate	(936,305)	(250,409)
Permanent differences and other adjustments	(205,646)	117,855
Changes in unrecognized deferred tax assets	1,095,143	132,554
	$ (46,808)	$ -
Current income tax expense (recovery)	$ -	$ -
Deferred income tax expense (recovery)	$ (46,808)	$ -

The composition of the Company's unrecognized deferred income tax assets is as follows:

Deferred income tax assets (liabilities)	December 31 2020	December 31 2019
Non-capital losses	893,192	155,762
Financing costs	374,255	16,542
	1,267,447	172,304
Unrecognized deferred tax assets	(1,267,447)	(172,304)
Net deferred income tax asset (liability)	$ -	$ -

Significant components of the Company's deferred tax assets that have not been included in the statement of financial position are as follows:

	December 31 2020	Expiry date range	December 31 2019	Expiry date range
Financing costs	$ 1,386,131	2023 to 2024	$ 61,265	2023
Non-capital losses	$ 3,308,116	2040 to 2041	$ 576,898	2040

Tax attributes are subject to review and potential adjustment by tax authorities.

14. EVENTS AFTER REPORTING DATE

Subsequent to December 31, 2020, the Company:

a) accelerated the expiry of 5,928,186 share purchase warrants exercisable at $0.40 and $1.00 per share and received gross proceeds of $5,587,686 from warrant holders on exercise of share purchase warrants;

b) entered into an agreement to acquire the 0.98% NSR royalty on the Vizcachitas Project for US$6,500,000 in cash on the closing date (paid) and further US$9,500,000 payable in common shares of the Company upon the achievement of certain project milestones. As part of the acquisition, the Company paid a finder's fee through the issuance of 40,291 common shares;

c) converted total Beedie balance outstanding of $3,650,260 into 3,535,691 common shares of the Company, entered into the Amended Loan Facility, and drew down an additional $5,000,000 with a conversion price of $5.67 per share. Following the conversion and the additional drawdown, the Company has a total of $5,000,000 outstanding and $20,000,000 available on standby under the Amended Loan Facility with Beedie;

d) entered into an agreement to acquire an additional 0.18% NSR royalty on the Taca Taca Project (for an aggregate interest of 0.42%) for US$3,000,000 in cash (paid) and 4,545,454 common shares of the Company (issued) on the closing date and further US$4,000,000 payable in cash within 10 business days after the commencement of commercial production on the project. As part of the acquisition, the Company paid a finder's fee through the issuance of 103,359 common shares;

e) issued 2,964,444 common shares for exercise of stock options and share purchase warrants, not subject to expiry acceleration, for gross proceeds of $707,170;

f) granted 325,000 stock options exercisable at $4.75 per share for five years and 405,000 RSUs to directors, officers, employees, and consultants of the Company; and

g) established an at-the-market equity program for financing up to $25,000,000 and issued 323,400 common shares for gross proceeds of $1,327,998.