CANADA SILVER COBALT WORKS INC.

(Formerly Canada Cobalt Works Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Canada Cobalt Works Inc. (Formerly Castle Silver Resources Inc.) (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 3 to the consolidated financial statements.

Management has established processes which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that: (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the consolidated financial statements; and (ii) the consolidated financial statements present fairly, in all material respects, the financial position, financial performance and cash flows of the Company, as of the date of and for the years presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

[Signed]	[Signed]
"Frank Basa"	*"Ryan Webster"*
Chief Executive Officer	Chief Financial Officer

McGovern
Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Canada Silver Cobalt Works Inc.

Opinion

We have audited the consolidated financial statements of Canada Silver Cobalt Works Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2020 and had negative cash flows from operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

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inconsistent with the consolidated 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 consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 30, 2021

CANADA SILVER COBALT WORKS INC.
(Formerly Canada Cobalt Works Inc)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	**December 31, 2020**	December 31, 2019
		$	$
ASSETS			
Current assets			
Cash		**6,421,345**	685,715
Amounts receivable	4	**1,048,199**	126,130
Prepaid expenses		**119,632**	50,000
Total current assets		**7,589,176**	861,845
Property, plant, and equipment	7	**1,774,659**	287,337
Total assets		**9,363,835**	1,149,182
EQUITY AND LIABILITIES			
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	10	**766,695**	632,322
Total liabilities		**766,695**	632,322
Equity			
Share capital	8	**43,818,244**	29,690,079
Reserves	8	**8,345,327**	3,825,909
Contributed surplus		**4,844,479**	4,456,096
Deficit		**(48,410,910)**	(37,455,224)
Total equity		**8,597,140**	516,860
Total equity and liabilities		**9,363,835**	1,149,182

Nature of Business and Going Concern (Note 1), **Exploration and Evaluation Projects** (Note 6), **Commitments and Contingencies** (Note 14) and **Subsequent Events** (Note 15)

APPROVED BY THE BOARD:

"Frank Basa"
Director

"Jacques Monette"
Director

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

CANADA SILVER COBALT WORKS INC.

(Formerly Canada Cobalt Works Inc)

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		December 31, 2020	December 31, 2019
		$	$
Expenses			
Exploration and evaluation	6	**7,308,500**	2,280,761
Corporate			
Accounting and audit		**75,237**	47,540
Admin and general expenses		**29,658**	38,942
Corporate development		**207,500**	-
Filing costs and shareholders' information		**305,533**	147,233
Legal fees		**78,776**	14,223
Marketing and communications		**377,306**	93,705
Consulting and professional fees		**1,395,869**	730,361
Salaries and wages		**159,152**	53,323
Travel, lodging and food		**33,082**	101,323
Total corporate expenses		**2,662,113**	1,226,650
Other items			
Other expenses		**202,997**	161,000
Premium on flow-through shares		**(160,000)**	-
Tax interest and penalties		**2,348**	20,248
2013 flow-through tax loss		**-**	19,496
Stock-based compensation	8	**939,728**	1,212,370
Total other items		**985,073**	1,413,114
Total expenses		**10,955,686**	4,920,525
Net loss and comprehensive loss for the year		**(10,955,686)**	(4,920,525)
Net loss per share – basic and diluted		**(0.12)**	(0.06)
Weighted average number of shares outstanding basic and diluted		**92,445,362**	80,743,442

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

CANADA SILVER COBALT WORKS INC.
(Formerly Canada Cobalt Works Inc.)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Contributed Surplus	Deficit	Total Equity (Deficit)
		$	$	$	$	$
Balances, December 31, 2018	**74,950,377**	**24,924,775**	**3,309,944**	**4,032,972**	**(32,534,700)**	**(267,009)**
Private placement	8,045,238	2,446,089	488,411	-	-	2,934,500
Premium on flow-through shares	-	(160,000)	-	-	-	(160,000)
Exercise of warrants	5,647,913	1,270,948	-	-	-	1,270,948
Exercise of options	1,432,000	422,600	-	-	-	422,600
Exercise of warrants – book value	-	298,058	(298,058)	-	-	-
Exercise of options – book value	-	485,400	(485,440)	-	-	-
Warrants expired	-	-	(423,124)	423,124	-	-
Stock-based compensation	-	-	1,212,370	-	-	1,212,370
Share issue costs	-	(67,831)	(165)	-	-	(67,996)
Compensation	-	-	21,971	-	-	21,971
Issued for equipment and exploration and evaluation projects	200,000	70,000	-	-	-	70,000
Net loss for the year	-	-	-	-	(4,920,525)	(4,920,525)
Balances, December 31, 2019	**90,275,528**	**29,690,079**	**3,825,909**	**4,456,096**	**(37,455,224)**	**516,860**
Private placements	21,858,929	9,497,491	3,183,629	-	-	12,681,120
Exercise of warrants	3,120,960	1,534,421	-	-	-	1,534,421
Exercise of options	1,910,000	482,000	-	-	-	482,000
Exercise of warrants –book value	-	332,452	(332,452)	-	-	-
Exercise of options – book value	-	506,602	(506,602)	-	-	-
Warrants expired	-	-	(323,283)	323,283	-	-
Options expired	-	-	(65,100)	65,100	-	-
Issued for equipment and exploration and evaluation projects	3,751,647	2,239,275	1,505,873	-	-	3,745,148
Stock-based compensation	-	-	939,728	-	-	939,728
Share issue costs	-	(464,076)	117,625	-	-	(346,451)
Net loss for the year	-	-	-	-	(10,955,686)	(10,955,686)
Balances, December 31, 2020	**120,917,064**	**43,818,244**	**8,345,327**	**4,844,479**	**(48,410,910)**	**8,597,140**

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

CANADA COBALT WORKS INC.

(Formerly Canada Cobalt Works Inc)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	December 31, 2020	December 31, 2019
		$	$
OPERATING ACTIVITIES			
Loss before tax		**(10,955,686)**	(4,920,525)
Adjustments for:			
Amortization		**133,277**	71,834
Stock-based compensation		**939,728**	1,212,370
Issuance of shares for mineral exploration property interest		**3,125,436**	70,000
Operating cash flows before movements in working capital			
(Increase) decrease in amounts receivable		**(922,069)**	26,986
(Increase) in prepaid expenses		**(69,632)**	(50,000)
Increase (decrease) in current liabilities		**134,373**	(227,133)
Cash used in operating activities		**(7,614,573)**	(3,816,468)
INVESTING ACTIVITIES			
Purchase of property, plant, and equipment		**(1,000,888)**	(201,500)
Cash used in investing activities		**(1,000,888)**	(201,500)
FINANCING ACTIVITIES			
Issuance of common shares and warrants		**12,681,121**	4,468,049
Share issue costs		**(346,451)**	(46,025)
Warrant and option exercise		**2,016,421**	-
Cash from financing activities		**14,351,091**	4,422,024
Increase in cash		**5,735,630**	404,056
Cash – beginning of year		**685,715**	281,659
Cash – end of year		**6,421,345**	685,715

Supplemental Cash Flow Information

	December 31, 2020	December 31, 2019
Common share and warrants issued for asset acquisition	**619,711**	-
Finders warrants	**117,625**	21,971

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

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of business

Canada Silver Cobalt Works Inc. ("CCM" or the "Company") was incorporated on April 29, 2005 pursuant to the Canada Business Corporations Act. The address of the Company's head office is 3028 Quadra Court, Coquitlam, BC V3B 5X6. CCM's principal business activities are the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties.

These consolidated financial statements were approved by the Board of Directors on April 30, 2021.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and evaluation activities, and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, government licensing requirements or regulations, social licensing requirements, non-compliance with regulatory and environmental requirements and aboriginal land claims.

Going concern

As at December 31, 2020, the Company had not yet achieved profitable operations, had a working capital balance of $6,822,481 (2019: $229,523). For the year ended December 31, 2020 the Company incurred a net loss of $10,955,686 (2019: $4,920,525), had cash outflow from operations of $7,614,573 (2019: $3,816,468), had accumulated losses of $48,410,910 (2019: $37,455,224) and expects to incur future losses in the development of its business. These items represent material uncertainties which cast significant doubt about the ability of the Company to continue as a going concern. The Company is in the process of exploring its properties and has not yet determined whether these properties contain economically recoverable reserves. The continued operations of the Company are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing to complete the necessary exploration and development of such property and upon attaining future profitable production or proceeds from disposition of the properties. Management is actively pursuing additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

These consolidated financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Since January 1, 2020, the outbreak of the novel coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company, or on its ability to raise capital to fund exploration and operations, in future periods. While the Company has not been significantly impacted by the COVID-19 outbreak, it is not possible to reliably estimate the ongoing effect on the Company.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

These consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with IFRS and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2020.

Basis of presentation and functional currency

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value. The consolidated financial statements have been presented on an accrual basis except for cash flow information. The presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods when the revision affects both current and future periods.

Asset Acquisition / Business Combination

In accordance with IFRS 3 – Business Combination, a transaction is recorded as a business combination if the assets acquired and liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The acquisition of the assets of PolyMet Resources Inc. as further described in Note 5 was recorded as an asset acquisition whereby the cost of the net assets acquired was allocated to the fair value of the identifiable assets acquired.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates. See Note 8.

Decommissioning, restoration and similar liabilities

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of the recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Contingencies

See Note 14.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Temiskaming Testing Laboratories Inc., located in Ontario, Canada.

Intercompany balances and transactions, including unrealized gains and losses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

Financial instruments

Financial assets

<u>Initial recognition and measurement</u>

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Cash and amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss. The Company does not have any financial instruments at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade payables and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Fair value hierarchy

The Company classifies its financial instruments measured at fair value according to a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value 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 assets or liabilities, either directly or indirectly;
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

As at December 31, 2020 and 2019, there were no financial instruments measured at fair value, and the fair value of assets and liabilities carried at amortized cost was the same as their respective carrying values due to the short-term nature of these assets and liabilities.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated over the estimated useful lives of the item, as follows:

- Land – no depreciation
- Laboratory machinery and equipment – 10 year straight-line
- Exploration and mining equipment – 20% declining balance

- Vehicles – 30% declining balance

Mineral exploration properties and exploration expenditures

The Company expenses all exploration and evaluation costs relating to mineral properties, in the period in which they are incurred.

Income taxes

Income taxes on the profit or loss for the periods presented comprises current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous reporting periods.

Deferred tax is recorded using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Flow-through shares

Under Canadian income tax legislation, the Company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax deductions. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference. The liability is reduced and the reduction of premium liability is recorded in other income at the time when the Company files the appropriate renunciation forms with the Canadian taxation authorities and the expenditures are incurred. As at December 31, 2020, the Company recognized a flow-through premium of $214,540 (2019: $160,000) that is included in trade payables and accrued liabilities.

Government Grants

The Company is eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources represents up to 28% of eligible exploration and evaluation expenditures and is recorded as a government grant under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance against exploration and evaluation expenditures.

Credits related to resources are recognized against exploration and evaluation expenditures at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the credits.

Share issue costs

Costs incurred for the issue of common shares and warrants are deducted from share capital and warrants, respectively.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. During the years ended December 31, 2020 and 2019, all options and warrants are anti-dilutive and have been excluded from the calculation of diluted loss per share.

Stock-based compensation and warrants

The Company has in effect a stock option plan ("the Plan") which is described in Note 8. The Plan allows Company employees, directors and officers to acquire shares of the Company for a specified option amount set on the date of grant. Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model and is recorded as stock-based compensation expense over the vesting period of the options. Consideration paid on the exercise of stock options is credited to share capital. The contributed surplus associated with the options is transferred to share capital upon exercise. Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Warrants are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model. Consideration paid on the exercise of warrants is credited to share capital and the value recorded in warrants reserve is transferred to share capital upon exercise. Upon expiration, the value of warrants is reclassified to contributed surplus.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment at the end of each reporting period and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount, recognizing an impairment loss in the statement of operations. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

Asset retirement obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site restoration work, discounted to their net present value, are provided for and capitalized to the carrying value of the asset, as soon as the obligation to incur such costs arises.

Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset through depreciation using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the impact of discounting and for changes to the current market based discount rate, amount, or timing of the underlying cash flows needed to settle the obligation.

As at December 31, 2020 and 2019, the Company has no material restoration, rehabilitation and environmental costs as the environmental disturbance to date is minimal.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the Canadian dollar at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the statement of loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Cash and cash equivalents

Cash equivalents include highly liquid Canadian bank guaranteed funds that are valued at cost plus accrued interest. The carrying amounts approximate the fair market value as they have maturities at the date of purchase of less than one year with early redemption without penalties available. The Company does not have any cash equivalents as of December 31, 2020 or 2019.

Changes in accounting policies

During the year ended December 31, 2020, the Company adopted a number of amendments and improvements of existing standards. These included IAS 1 and IFRS 3. These new standards and changes did not have any material impact on the Company's financial statements.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently evaluating the impact of these new pronouncements.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

(Expressed in Canadian Dollars)

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

4. AMOUNTS RECEIVABLE

The Company's amounts receivable are comprised of the following:

	December 31, 2020	December 31, 2019
Due from Granada Gold Mine Inc.	$ 798,287	$ -
Sales tax receivable	249,912	126,130
Total	**$ 1,048,199**	**$ 126,130**

During the year ended December 31, 2019 the Company recorded an impairment loss totaling $203,281 on amounts owing from Granada Gold Mines Inc. ("Granada"), a related party with which there are three common directors. During the year ended December 31, 2020, $201,708 of amounts previously written-down relating to amounts owing from Granada were reversed.

5. ASSET ACQUISITION

On July 31, 2020, the Company acquired the assets of PolyMet Resources Inc. ("PolyMet"), consisting primarily of an assay laboratory and bulk sampling plant located in Cobalt, Ontario. The asset acquisition was effected through Temiskaming Testing Laboratories Inc., a wholly-owned subsidiary of CCM. In payment for the assets, CCM issued 690,409 common shares and 690,409 common share purchase warrants to PolyMet. Each warrant entitles PolyMet to acquire one additional common share of CCM at a price of $0.50 for a period of two years. CCM also assumed outstanding liabilities of PolyMet in an amount of $346,304.

(Expressed in Canadian Dollars)

Total consideration paid:

Assumption of accounts Payable	$346,304
Common shares	$407,341
Warrants	$212,370
Transaction costs	$98,182
Total	**$1,064,197**

The purchase price has been allocated to the value of the land, and the plant (machinery and equipment) acquired as follows:

Land	$210,312
Machinery and Equipment	$853,885
Total	**$1,064,197**

6. EXPLORATION AND EVALUATION PROJECTS

Castle Silver Mine Project, Ontario

CCM holds a 100% interest in certain claims and parcels located in the Haultain and Nicol townships of Ontario. The property is subject to a sliding scale royalty on silver production which will start from 3% when the price of silver is US$15 or lower per troy ounce and up to 5% when the price of silver is greater than US$30 per troy ounce and a 5% gross overriding royalty on the sale of products derived from the property with a minimum annual payment of $15,000 in the form of royalties on all future production from the property and a 1% NSR.

Castle East Property, Ontario

CCM entered into a Purchase and Sale Agreement with Granada, a related party with which there are three common directors, pursuant to which the Company repurchased from Granada a back-in option on five mining leases at Castle East, forming part of the Castle mine property near Gowganda, Ontario. In payment, CCM issued 2,941,000 common shares to Granada. Each of the shares were accompanied by one common share purchase warrant. Each warrant entitles Granada to acquire one additional common share of CCM for $0.55 for a period of five years. The common shares issued were valued at $1,764,600 based on a common share price of $0.55, and the common share purchase warrants were valued at $1,293,503 for total consideration of $3,058,103. The warrants value is based on the Black Scholes option pricing model, using the following assumptions: share price of $0.55, an average exercise price of $0.55, risk free interest rate of 0.38%, expected life of warrants of 5 years, expected volatility rate of 114%, and expected dividend rate of 0%.

Beaver Property, Ontario

The Company holds a 100% interest in the Beaver and Violet cobalt and silver properties located in the township of Coleman, in northern Ontario, which are subject to a 3% NSR royalty. Each 1% can be purchased for $1,500,000.

(Expressed in Canadian Dollars)

B2 Property, Quebec

On October 30, 2020, the Company entered into an option agreement with MagNor Resources ("MagNor") dated October 26, 2020 whereby CCM may earn an undivided 100% interest, subject to a 2% NSR, in MagNor's B2 property, of which 1% can be repurchased for $1,400,000. The property has 12 claims. Pursuant to the terms of the agreement, the Company may exercise the option with MagNor as follows:

- On closing, making a payment of $62,500 - (120,238 shares were issued on November 9, 2020 to fulfill this obligation);
- 24 months from closing, making a payment of $62,500;
- 36 months from closing, making a payment of $62,500; and
- 36 months from closing, incurring an aggregate of $100,000 in exploration expenditures on the Ni Cu property

Each of the payments to MagNor can be made in cash or through the issuance of the Company's common shares at a price per common share equal to the volume weighted average trading price of the Company's shares on the TSX Venture Exchange for the ten (10) trading days immediately preceding the issue date, at the option of the Company.

7. PROPERTY, PLANT, AND EQUIPMENT

	Land	Machinery & Equipment	Vehicles	Total
	$	$	$	$
COST				
As at January 1, 2019	-	197,089	-	197,089
Additions	-	201,500	-	201,500
As at December 31, 2019	**-**	**398,589**	**-**	**398,589**
Additions	210,312	1,198,301	211,988	1,620,601
As at December 31, 2020	**210,312**	**1,596,890**	**211,988**	**2,019,190**
ACCUMULATED AMORTIZATION				
As at January 1, 2019	-	39,418	-	39,418
Accumulated amortization		71,834	-	71,834
As at December 31, 2019	**-**	**111,252**	**-**	**111,252**
Accumulated amortization	-	117,382	15,895	133,277
As at December 31, 2020	**-**	**228,634**	**15,895**	**244,529**
NET BOOK VALUE				
As at January 1, 2019	-	157,671	-	157,671

(Expressed in Canadian Dollars)

As at December 31, 2019	-	287,337	-	287,337
As at December 31, 2020	**210,312**	**1,368,254**	**196,093**	**1,774,659**

Equipment with a total cost of $196,696 (2019 – $201,500) was purchased during the year ended December 31, 2020 from companies controlled by the CEO of the Company, who is also a director of the Company. Equipment with a total cost of $131,970 (2019: $nil) was purchased from Granada, a related party with which there are three common directors.

8. SHARE CAPITAL

8.1 Authorized share capital

The Company has an authorized share capital of an unlimited number of shares with no par value.

As at December 31, 2020, the Company had 120,917,064 common shares issued and outstanding (December 31, 2019: 90,275,528).

8.2 Share issuance

a). Private Placements

1. On September 6, 2019, the Company closed a private placement offering, raising gross proceeds of $423,000. The Company issued 1,410,000 units at a price of $0.30 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.50 per share for a period of 2 years.

   The 1,410,000 warrants issued in connection to the private placements listed above have been recorded at an estimated value of $107,000 based on the Black Scholes option pricing model, using the following assumptions: share price of $0.22, an average exercise price of $0.50, risk free interest rate of 1.49%, expected life of warrants of 2 years, expected volatility rate of 100% (based on the Company's historical volatility for 2 years up to the issuance date) and expected dividend rate of 0%.

2. On September 23, 2019 the Company closed a private placement offering, raising gross proceeds of $304,907. The Company issued 1,016,667 units at a price of $0.30 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.50 per share for a period of 2 years.

   The 1,016,667 warrants issued in connection to the private placements listed above have been recorded at an estimated value of $76,000 based on the Black Scholes option pricing model, using the following assumptions: share price of $0.23, an average exercise price of $0.50, risk free interest rate of 1.57%, expected life of warrants of 2 years, expected volatility rate of 99% (based on the Company's historical volatility for 2 years up to the issuance date) and expected dividend rate of 0%.

3. On November 14, 2019 the Company closed a private placement offering, raising gross proceeds of $1,406,500. The Company issued 4,018,571 units at a price of $0.35 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.55 per share for a period of 2 years. The Company's related parties have purchased a total of 204,286 units for aggregate proceeds of $71,500

   The 4,018,571 warrants issued in connection to the private placements listed above have been recorded at an estimated value of $305,411 based on the Black Scholes option pricing model, using the following assumptions: share price of $0.27, an average exercise price of $0.55, risk free interest rate of 1.50%, expected life of warrants of 2 years, expected volatility rate of 85% (based on the Company's historical volatility for 2 years up to the issuance date) and expected dividend rate of 0%.

4. On December 4, 2019, the Company closed a non-brokered flow-through ("FT") private placement with strategic investors, raising gross proceeds of $800,000. The Company issued 1,600,000 FT shares at $0.50 per share. Finder's fees were paid in connection with the private placement in the amount of $45,500 in cash and 91,000 finder warrants. Each finder warrant is exercisable at $0.50 per share for two years from closing. The Company's related parties have purchased a total of 100,000 FT shares for aggregate proceeds of $50,000. The 91,000 finder warrants issued in connection to the FT shares listed above have been recorded at an estimated value of $21,878 based on the Black Scholes option pricing model, using the following assumptions: share price of $0.40, an average exercise price of $0.50, risk free interest rate of 1.50%, expected life of warrants of 5 years, expected volatility rate of 80% (based on the Company's historical volatility for 5 years up to the issuance date) and expected dividend rate of 0%.

5. On June 15, 2020, the Company closed a flow-through private placement with strategic investors, raising gross proceeds of $1,200,000 by issuing 2,000,000 units at $0.60 per FT Unit. Each FT Unit comprises one flow-through common share of the Company and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.70 per share, for a period of two years from closing. In connection with the private placement the Company paid finder fees in the amount of $94,000 and issued 156,665 finder warrants. The finder warrants are on the same terms as the financing warrants and have been recorded at an estimated value of $40,031, based on the Black Scholes option pricing model, using the following assumptions: share price of $0.50, an exercise price of $0.70, risk free interest rate of 0.29%, expected life of warrants of 2 years, expected volatility rate of 93% and expected dividend rate of 0%.

6. Between August 14 and September 2, 2020, the Company closed a non-brokered private placement financing, raising gross proceeds of $6,743,730 by the issue of 12,261,327 units at $0.55 per unit. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.65 per share, for a period of three years from closing. Finder fees in the amount of $123,148 and the issuance of 223,904 finder warrants were paid in connection with the private placement. The finder warrants are on the same terms as the financing warrants and have been recorded at an estimated value of $40,453, based on the Black Scholes

option pricing model, using the following assumptions: share price of $0.37, an average exercise price of $0.65, risk free interest rate of 0.28%, expected life of warrants of 3 years, expected volatility rate of 98% and expected dividend rate of 0%. Related parties participated in the financing for a total of $109,012 of the proceeds.

7. On November 25, 2020, the Company closed a non-brokered FT private placement by way of issuing 4,288,778 FT units at a price of $0.63 per FT unit raising gross proceeds of $2,701,930. The Company also issued 3,308,824 Quebec FT units at a price of $0.68 per Quebec FT Unit raising gross proceeds $2,250,000. The Company raised a total of $4,951,930. Each FT unit and Quebec FT unit is comprised of one flow-through common share of the Company and one half of a share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.80 per share, for a period of two years from closing. Finder fees in the amount of $129,304 and the issuance of 198,533 finder warrants were paid in connection with the FT and Quebec FT private placement. The finder warrants are on the same terms as the financing warrants and have been recorded at an estimated value of $37,141, based on the Black Scholes option pricing model, using the following assumptions: share price of $0.53, an exercise price of $0.80, risk free interest rate of 0.27%, expected life of warrants of 2 years, expected volatility rate of 87% and expected dividend rate of 0%.

b). Exercise of Options

During the year ended December 31, 2020, the Company issued 1,910,000 common shares related to the exercise of 1,910,000 stock options at an exercise price between $0.05 to $0.33 per share, for total consideration of $482,000.

c). Exercise of Warrants

During the year ended December 31, 2020, the Company issued 3,120,960 common shares related to the exercise of 3,123,690 stock options at an exercise price between $0.50 to $0.55 per share, for total consideration of $1,596,945.

d). Other

During the year ended December 31, 2020, the Company issued 3,751,647 common shares and 3,631,409 common share purchase warrants pursuant to asset and mineral exploration property agreements. The total value of the shares issued was $2,239,275 based on a common share prices between $0.55 to $0.65. and the value of the warrants issued was $1,505,873. The value of the warrants was based on the Black Scholes option pricing model, using the following assumptions: share price between $0.55 and $0.59, an exercise price of between $0.50 and $0.55, risk free interest rate between 0.26% and 0.38%, expected life of warrants between 2 and 5 years, expected volatility rate between 90% and 114%, and expected dividend rate of 0%. Refer to Notes 5 and 6 for further discussion of the asset and mineral exploration property purchases.

8.3 Stock Option Plan

The Company has in place a stock option plan (the "Plan") under which officers, directors, employees and consultants are eligible to receive incentive stock options.

(Expressed in Canadian Dollars)

The aggregate number of common shares reserved for issuance under the Plan and common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed in aggregate 10% of the Company's common shares issued and outstanding at the time of grant. The term of any options granted under the Plan will be fixed by the Board of Directors and may not exceed ten years, but so long as the Company remains a "Tier 2" issuer under the policies of the Toronto Stock Exchange, options may not exceed a term of five years. The exercise price of options granted under the Plan will be determined by the Board of Directors, provided that it is not lower than the fair market value of the option shares on the date of the grant of the option.

The terms of the plan are as follows:

(i) the maximum number of shares that can be received by a beneficiary during any 12 month period is limited to 5% of issued and outstanding shares;

(ii) the maximum number of shares that can be reserved for a consultant during any 12 month period is limited to a 2% of issued and outstanding shares; and

(iii) the maximum number of shares that can be reserved for a supplier of investor relations services during any 12-month period is limited to 2% of issued and outstanding shares; moreover, the options granted may be exercised on a 12 month period after the grant, at the rate of 25% per quarter.

The following is a summary of the changes in the Company's stock option activities for the year ended December 31, 2020 and year December 31, 2019:

	December 31, 2020		December 31, 2019	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
		$		$
Outstanding, beginning of year	**8,073,000**	**0.322**	6,155,000	0.322
Granted	**3,288,000**	**0.370**	3,350,000	0.362
Exercised	**(1,910,000)**	**0.252**	(1,432,000)	0.295
Expired	**(100,000)**	**0.520**	-	-
Outstanding, end of year	**9,351,000**	**0.343**	8,073,000	0.322
Exercisable, end of year	**9,351,000**	**0.343**	8,073,000	0.322

(Expressed in Canadian Dollars)

The following table summarizes information regarding stock options outstanding and exercisable as at December 31, 2020:

Exercise price	**Number of options outstanding**	**Number of options exercisable**	**Weighted-average remaining contractual life (years)**	**Weighted-average exercise price**
Options				
\$0.050 - \$0.200	**813,000**	**813,000**	1.02	0.120
\$0.210 - \$0.300	**4,525,000**	**4,525,000**	2.43	0.287
\$0.310 - \$0.400	**1,250,000**	**1,250,000**	3.47	0.329
\$0.410 - \$0.700	**2,763,000**	**2,763,000**	3.99	0.506
Total	**9,351,000**	**9,351,000**		

The weighted average fair value of the options granted during the year ended December 31, 2020 was estimated at \$0.286 per option (2019: \$0.362) at the grant date using the Black-Scholes option pricing model. The weighted average assumptions used for the calculation were:

	December 31 2020	December 31, 2019
Risk free interest rate	**0.54%**	1.50%
Expected life	**3.5 years**	5 years
Expected volatility	**102.77%**	154.00%
Expected dividend per share	**-**	-

Expected volatility was calculated using historical daily closing share prices for the Company's common shares using the same time period as the life of the option.

(Expressed in Canadian Dollars)

8.4 Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the year ended December 31, 2020 and year ended December 31, 2019:

	December 31, 2020		December 31, 2019	
	Number of warrants	**Weighted-average exercise price**	Number of warrants	Weighted-average exercise price
		$		$
Outstanding, beginning of year	**10,126,856**	**0.570**	15,451,794	0.322
Granted	**21,270,638**	**0.662**	6,537,988	0.362
Exercised	**(3,038,690)**	**0.505**	(5,597,913)	0.295
Expired	**(1,171,011)**	**0.740**	(6,265,013)	0.740
Outstanding, end of year	**27,187,793**	**0.739**	10,126,856	0.570

During the year ended December 31, 2020, in conjunction with private placements, the Company issued a total of 17,639,229 share purchase warrants. The Company also issued a total of 3,631,409 common share purchase warrants pursuant to asset and mineral exploration property agreements during the year.

The following table summarizes information regarding share purchase warrants outstanding and exercisable as at December 31, 2020:

Exercise price	**Number of warrants outstanding**	**Weighted-average remaining contractual life (years)**	**Weighted-average exercise price**
$0.50	2,876,493	0.91	$0.50
$0.55	6,672,071	2,48	$0.55
$0.65	12,485,231	2.65	$0.65
$0.70	1,156,665	1.45	$0.70
$0.80	3,997,333	1.90	$0.80
Total	**27,187,793**	**1.89**	**$0.739**

(Expressed in Canadian Dollars)

The weighted average fair value of the warrants granted during the year ended December 31, 2020 was estimated at $0.226 per warrant at the grant date using the Black-Scholes Pricing Model. The weighted average assumptions used for the calculation were:

	December 31 2020	December 31 2019
Risk free interest rate	**0.30%**	1.50%
Expected life	**3 years**	2 years
Expected volatility	**97.63%**	100.00%
Expected dividend per share	**-**	-

Expected volatility was calculated using historical daily closing share prices for the Company's common shares using the same time period as the life of the option.

9. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Year ended December 31, 2020	Year ended December 31, 2019
Net loss for the year	**$ (10,955,686)**	$ (4,920,525)
Weighted average number of shares – basic and diluted	**92,445,362**	80,743,442
Loss per share, basic and diluted	**$ (0.12)**	$ (0.06)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, share purchase warrants and convertible debentures, in the weighted average number of common shares outstanding during the year, if dilutive. All of the stock options and warrants were anti-dilutive for the years ended December 31, 2020 and 2019.

10. RELATED PARTY TRANSACTIONS

The Company has entered into agreements with officers of the Company and private companies controlled by officers and directors of the Company for management consulting, geological consulting and other services required by the Company.

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

The remuneration of officers and directors of the Company for the year ended December 31, 2020 was $596,823 (2019 - $364,814) and share based payments valued at $224,930 (2019 - $245,680).

(Expressed in Canadian Dollars)

There were no Directors' fees paid to members of the Board of Directors for the years ended December 31, 2020 and 2019. See Note 4, 6, 7, 8, 14, and 15.

There were no amount payable to related parties as at December 31, 2020 (2019 - $47,806).

During the year ended December 31, 2020 the Company advanced $700,000 to Granada, a related party with which there are three common directors. The advance is repayable in full during 2021.

11. INCOME TAXES

Current Income Tax

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended December 31 is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
(Loss) before income taxes	**$ (10,955,686)**	$ (4,920,525)
Expected income tax recovery based on statutory rate	**(2,903,000)**	(1,250,000)
Adjustments to expected income tax benefit:		
Stock based compensation	**249,000**	321,000
Other	**(101,000)**	-
Other (change in tax benefits not recognized)	**2,755,000**	929,000
Income tax provision (recovery)	**-**	-

Deferred Income Tax

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can use these benefits:

(Expressed in Canadian Dollars)

	Year ended December 31, 2020	Year ended December 31, 2019
Non-capital loss carry-forwards	**$ 14,158,000**	$ 10,964,000
Capital loss carry-forwards		
Mineral property costs	**16,917,000**	9,844,150
Other temporary differences	**3,018,000**	941,780
Deferred income tax provision (recovery)	**34,093,000**	21,749,930

As at December 31, 2020, the Company has income tax loss carry forwards of approximately $14,158,000 expiring as follows:

Expires in	**$**
2024	65,000
2025	114,000
2026	372,000
2027	567,000
2028	234,000
2029	1,347,000
2030	1,516.000
2031	897,000
2032	211,000
2033	172,000
2034	254,000
2035	7,000
2036	1,480,000
2037	1,001,000
2038	1,594,000
2039	1,191,000
2040	3,136,000
	14,158,000

12. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its exploration, development and operating activities.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at December 31, 2020 and 2019, the Company had no bank debt.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2020 and 2019.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

13. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with counterparty’s inability to fulfill its payment obligations. The Company is exposed to credit risk on its cash and amounts receivable. The Company has deposited its cash with reputable financial institutions, from which management believes the risk of loss is minimized. As at December 31, 2020 and 2019 cash was held with major Canadian financial institutions. Management believes that the risk of loss from amounts receivable is low. See Note 4.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company is currently seeking equity financing as indicated in Note 1. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, existing shareholders ownership may be diluted.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

(a) Interest rate risk

The Company is not exposed to interest rate risk as it does not have interest bearing debt.

(b) Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market prices of silver, cobalt and nickel.

Currency Risk

As the Company transacts business in Canadian dollars, there is minimal foreign currency risk at December 31, 2020 and 2019.

14. COMMITMENTS AND CONTINGENCIES

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

(b) Flow-Through Shares
The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that may become payable by the subscribers as a result of the Company not meeting this expenditure commitment. As at December 31, 2020 the Company has a remaining commitment to incur $4,428,292 of expenses as required under the flow-through share offerings during 2020. These expenses must be incurred prior to December 31, 2021.

(c) Management Contracts
The Company is party to multiple management contracts. Upon the occurrence of certain events such as a change in control, the contract requires payment of up to $604,000. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

The Company has entered into a Memorandum of Understanding ("MOU") with the Matachewan First Nation community in connection with certain exploration and evaluation programs in their area; to support the engagement process two per cent of the exploration costs are provided to the First Nation, calculated and paid on an annual basis following the end of the calendar year.

In addition, the Company has entered into a second MOU with both Temagami First Nation and Teme-Augama Nation to provide a framework process for consultation during the life of the project.

The MOUs also include terms outlining environmental protection, employment, training and business opportunities, and mitigation of impacts on the traditional pursuits of the members of the First Nation communities.

15. SUBSEQUENT EVENTS

Since January 1, 2021, the Company issued 983,000 common shares for the exercise of 968,000 stock options and 15,000 warrants for total proceeds of $245,400.

On February 10, 2021, the Company granted stock options to certain directors and consultants of the Company to purchase an aggregate of 250,000 common shares in the capital of the

Company. The stock options vested immediately and are exercisable for a term of two years at an exercise price of $0.50 per share. All stock options are granted in accordance with the terms of the Company's Stock Option Plan and the policies of the TSX Venture Exchange and will be subject to a hold period of four months and one day from the date of exercise.

On February 16, 2021, the Company acquired mineral exploration properties in Quebec and Ontario. It is the Company's intention to transfer the properties, in exchange for shares, to another public company to be identified by the Company and to distribute the shares by way of dividend to CCM shareholders.

On February 23, 2021, the Company has acquired through a non-brokered private placement, 5,000,000 units of Granada, a related party with which there are three common directors, at a purchase price of $0.20 per unit for total consideration of $1,000,000. Each unit consists of one common share of Granada, and one share purchase warrant. Each share purchase warrant entitles the Company to purchase and additional common share of Granada at an exercise price of $0.22 per share for a period of three years.

On March 10, 2021, the Company has exercised 5,000,000 share purchase warrants to acquire 5,000,000 common shares of Granada at a purchase price of $0.22 per share, for total consideration of $1,100,000.

On March 11, 2021, the Company issued 250,000 stock options at an exercise price of $0.35 to consultant. The stock options vested immediately and are exercisable for a term of five years. All stock options are granted in accordance with the terms of the Company's Stock Option Plan and the policies of the TSX Venture Exchange and will be subject to a hold period of four months and one day from the date of exercise.

On April 1, 2021, the Company announced that Mr. Ryan Webster has been appointed as Chief Financial Officer of the Company, replacing the Company's interim CFO, Mr. Robert Guanzon.

On April 7, 2021, the Company has closed a non-brokered private placement by way of issuing 2,021,276 FT units at a price of $0.47 per FT unit raising gross proceeds of $950,000. Each FT unit is comprised of one flow-through common share of the Company and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.58 per share, for a period of two years from closing, subject to TSX Venture Exchange ("Exchange") approval.

The Company has paid finder fees in the amount of $66,500 and issued 141,490 finder warrants in connection with the FT private placement. The finder warrants are on the same terms as the financing warrants. The finder fees are subject to Exchange approval.

All securities issued in connection with the private placement will be subject to a four month and a day hold period expiring on August 8, 2021 in accordance with applicable Canadian Securities Laws.