OTSO GOLD

MANAGED BY LIONSBRIDGE

CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2021

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Otso Gold Corp.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

May 31, 2021

"Brian Wesson"
Brian Wesson, CEO

"Clyde Wesson"
Clyde Wesson, CFO

Independent auditor's report

To the Shareholders of Otso Gold Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Otso Gold Corp. and its subsidiaries (together, the Company) as at January 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at January 31, 2021 and 2020;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
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.

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Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 the Management's Discussion and Analysis.

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

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

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 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 consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dean Larocque.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 31, 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at January 31, 2021 $	As at January 31, 2020 $
ASSETS		
Current assets		
Cash and cash equivalents	**95,531**	239,064
Accounts receivable	**499,797**	931,789
Prepaid expenses	**77,220**	107,592
Inventory *(Note 7)*	**2,332,606**	2,518,918
	3,005,154	3,797,363
Non-current assets		
Property, plant and equipment *(Note 8)*	**52,651,492**	52,414,488
Reclamation bonds *(Note 9)*	**5,094,528**	4,806,231
Exploration and evaluation assets *(Note 10)*	**1**	1
	57,746,021	57,220,720
TOTAL ASSETS	**60,751,175**	61,018,083
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**15,308,184**	16,153,449
Convertible debentures *(Note 13)*	**419,378**	468,522
Loan *(Note 11)*	**1,278,000**	-
Pandion loan *(Note 12)*	**25,595,108**	-
Royalty provision *(Note 12)*	**1,468,053**	2,167,464
	44,068,723	18,789,435
Non-current liabilities		
Convertible debentures *(Note 13)*	**4,079,092**	-
Pandion Loan *(Note 12)*	**-**	18,759,159
Royalty provision *(Note 12)*	**10,647,465**	11,012,337
Decommissioning and rehabilitation provision *(Note 14)*	**11,966,577**	11,461,599
	70,761,857	60,022,530
SHAREHOLDERS' EQUITY		
Share capital *(Note 15)*	**21,794,634**	20,007,626
Accumulated other comprehensive income	**629,982**	(1,535,032)
Contributed surplus *(Note 15)*	**3,202,481**	2,783,315
Deficit	**(35,637,779)**	(20,260,356)
	(10,010,682)	995,553
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**60,751,175**	61,018,083

Nature of Operations and Going Concern *(Note 1)*
Commitment and Contingencies *(Note 18)*
Subsequent events *(Notes 18 and 22)*

The consolidated financial statements were approved by the Board of Directors on May 31, 2021 and were signed on its behalf by:

"Brian Wesson"	*"Clyde Wesson"*
Brian Wesson, Director	Clyde Wesson, Director

The accompanying notes form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Year ended January 31, 2021 $	Year ended January 31, 2020 $
Expenses		
Care and maintenance costs *(Note 16)*	**(4,059,227)**	(6,766,727)
Management and consulting *(Note 17)*	**(1,643,766)**	(812,319)
Professional fees	**(1,046,859)**	(1,614,608)
Transfer agent and filing fees	**(97,872)**	(24,259)
Shareholder information	**(29,559)**	(70,333)
Share-based compensation *(Note 15)*	**(123,463)**	(77,347)
Travel	**(419,881)**	(843,892)
Office and general	**(167,441)**	(84,655)
	(7,588,068)	(10,294,140)
Other income (expenses)		
Debt restructuring *(Note 12)*	**(1,134,244)**	54,436,036
Interest expense *(Note 13)*	**(66,889)**	(124,701)
Revaluation of royalty provision *(Note 12)*	**1,064,283**	(4,148,531)
Accretion of Pandion loan *(Note 12)*	**(7,830,914)**	(1,914,973)
Accretion expense *(Note 13)*	**(1,038,541)**	(137,554)
Foreign exchange	**1,072,483**	34,301
Gain on valuation of embedded derivative liability *(Note 13)*	**144,321**	87,774
Loss on valuation of gold forward sale derivative liability *(Note 12)*	**-**	(22,139,413)
Other income	**-**	64,880
Interest income	**146**	85,087
Impairment of exploration and evaluation assets *(Note 10)*	**-**	(1,691,020)
Loss on equity investments	**-**	(9,000)
	(7,789,355)	24,542,886
Net income (loss) for the year	**(15,377,423)**	14,248,746
Other comprehensive income to be reclassified to profit and loss in subsequent periods		
Currency translation adjustment	**2,165,014**	(1,214,638)
Comprehensive income (loss) for the year	**(13,212,409)**	13,034,108
Basic and diluted income (loss) per common share *(Note 15)*	**(0.07)**	0.07
Weighted average number of shares outstanding - basic	**235,536,518**	203,989,485
Weighted average number of shares outstanding - diluted	**235,536,518**	208,179,485

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common Shares	Share Capital	Contributed Surplus	AOCI	Deficit	Total Shareholders' Equity
	#	$	$	$	$	$
BALANCE AT JANUARY 31, 2019	195,380,740	18,648,026	2,719,968	(320,394)	(34,509,102)	(13,461,502)
Issued upon debt restructuring *(Note 12)*	26,612,000	1,330,600	-	-	-	1,330,600
Stock options exercised *(Note 15)*	300,000	29,000	(14,000)	-	-	15,000
Share-based payments *(Note 15)*	-	-	77,347	-	-	77,347
Currency translation adjustment	-	-	-	(1,214,638)	-	(1,214,638)
Net income for the year	-	-	-	-	14,248,746	14,248,746
BALANCE AT JANUARY 31, 2020	**222,292,740**	**20,007,626**	**2,783,315**	**(1,535,032)**	**(20,260,356)**	**995,553**
Private placement *(Note 15)*	14,400,001	440,005	329,995	-	-	770,000
Share issuance costs *(Note 15)*	-	(50,775)	4,892	-	-	(45,883)
Stock options exercised *(Note 15)*	750,000	76,684	(39,184)	-	-	37,500
Shares issued for debt restructuring *(Note 12)*	8,496,320	424,816	-	-	-	424,816
Shares issued for financing costs *(Note 15)*	23,802,697	896,278	-	-	-	896,278
Share-based payments *(Note 15)*	-	-	74,555	-	-	74,555
Warrants issued on extension of convertible debentures *(Note 13)*	-	-	48,908	-	-	48,908
Currency translation adjustment	-	-	-	2,165,014	-	2,165,014
Net loss for the year	-	-	-	-	(15,377,423)	(15,377,423)
BALANCE AT JANUARY 31, 2021	**269,741,758**	**21,794,634**	**3,202,481**	**629,982**	**(35,637,779)**	**(10,010,682)**

The accompanying notes form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended January 31, 2021	Year ended January 31, 2020
Operating Activities	**$**	$
Income (Loss) for the year	**(15,377,423)**	14,248,746
Items not affecting cash:		
Accretion expense	**1,038,541**	137,554
Gain on valuation of embedded derivative liability	**(144,321)**	(87,774)
Depreciation of property and equipment	**1,386,626**	1,020,537
Revaluation of royalty provision	**(1,064,283)**	4,148,531
Accretion of Pandion loan	**7,830,914**	1,914,973
Loss on valuation of gold forward sale derivative liability	**-**	22,139,413
Debt restructuring	**1,134,244**	(54,436,036)
Impairment	**-**	1,691,020
Unrealized foreign exchange	**(996,173)**	34,301
Interest expense	**63,040**	124,701
Stock-based compensation	**123,463**	77,347
Unrealized loss on equity instruments	**-**	9,000
	(6,005,372)	(8,977,687)
Change in non-cash working capital items:		
Accounts receivable	**481,956**	1,854,006
Prepaid expenses	**32,623**	245,335
Inventory	**335,958**	31,153
Accounts payable and accrued liabilities	**962,696**	3,768,710
	1,813,233	5,899,204
Cash used in operating activities	**(4,192,139)**	(3,078,483)
Cash flows used in investing activities		
Acquisition of property and equipment	**(159,770)**	(11,609,207)
Capitalized revenue	**-**	5,780,758
Reclamation bond	**-**	11,980
	(159,770)	(5,816,469)
Cash flows from financing activities		
Proceeds from unit issuance	**770,000**	-
Proceeds from convertible debentures	**2,132,750**	
Proceeds from Maintenance Loan Agreement	**-**	7,615,145
Proceeds from loan	**1,306,500**	-
Options exercise	**37,500**	15,000
Share issuance costs	**(45,883)**	-
	4,200,867	7,630,145
Effects of exchange rate changes on cash and cash equivalents	**7,509**	(24,896)
Net decrease in cash and cash equivalents	**(143,533)**	(1,289,703)
Cash at the beginning of the year	**239,064**	1,528,767
Cash at the end of the year	**95,531**	239,064

The accompanying notes form an integral part of the consolidated financial statements

1 Nature of operations and going concern

Otso Gold Corp. ("Otso" or the "Company") is engaged in the development of the Otso Gold Mine in Finland. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "OTSO" and is incorporated and domiciled in Canada. The Company's administrative office is located at Suite 1900, 181 Bay Street, Toronto, Canada.

The Company announced on March 8, 2019 that the Otso Gold Mine was to be placed on care and maintenance from pre-commercial production due to operational issues and a lack of sufficient funds to continue production. The effective date of care and maintenance is April 1, 2019, and because of this, the mining development expenses are no longer capitalized but are now expensed as care and maintenance (Note 16).

These consolidated 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 at least the next twelve months. The Company has incurred operating losses since inception and currently is incurring negative cash flows from operating activities. In order to continue as a going concern, the Company must generate sufficient operating cash flows, secure additional capital or otherwise pursue a strategic restructuring, refinancing or other transactions to provide it with additional liquidity.

Several adverse conditions and material uncertainties cast significant doubt upon the going concern assumption. During the year ended January 31, 2021, the Company incurred net cash outflows from operating activities of $4,192,139 (2020: $3,078,483). As at January 31, 2021, the Company had cash and cash equivalents of $95,531 (2020: $239,064) and a working capital deficiency of $41,063,569 (2020: $14,992,072). There can be no assurances that sufficient funding, including adequate financing, will be available to maintain the Otso Gold Mine and to cover general and administrative expenses necessary for the maintenance of a public company for at least twelve months.

During the year ended January 31, 2021, the Company raised $3,439,250 and $807,500 through the issuance of debt and equity respectively (Notes 11, 15). Subsequent to January 31, 2021, Otso completed a financing with Brunswick Gold Ltd. for a strategic investment of US$11 million in the Company (Note 22).

During the year ended January 31, 2020, the Company restructured its debt with Pandion Mine Finance (through their subsidiary PFL Raahe Holdings LP) ("Pandion"), for which the key commercial terms of the Consent and Agreement are included in Note 12.

To-date the Company has been able to raise the requisite financings but there can be no guarantee that the Company will be able to continue to secure additional financing in order to be able to continue operations for the foreseeable future, and if so, on terms that are favorable.

Realization values may be substantially different from carrying values as shown in these consolidated financial statements. These consolidated 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. Such adjustments could be material.

The novel coronavirus ("COVID-19") has caused many countries to implement measures to reduce the spread of the virus. In Finland, on March 16, 2020, the Government issued a decree on implementing the Emergency

Power Act that closed the country's borders, limited transportation within the country, and required most people to work from their homes. As at the date of these consolidated financial statements, the restrictions have been eased. However, the effect and duration of COVID-19 and government responses to it are unknown and could have a material impact on the Company's business plans, financial position, cash flows, and results of operations.

2 Basis of preparation – Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Boards ("IFRS"). The accounting policies set out below have been applied consistently to the years presented in these consolidated financial statements unless otherwise noted.

These consolidated financial statements were approved by the Board of Directors on May 31, 2021.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the derivative liabilities. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The consolidated financial statements are presented in Canadian dollars, unless otherwise stated.

Basis of consolidation

These consolidated financial statements include the financial results of the Company and its wholly-owned 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. All intercompany transactions and balances have been eliminated on consolidation. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

Subsidiaries of the Company at January 31, 2021 included:

Name of subsidiary	Percentage of ownership	Principal Activity	Location	Functional Currency
Minera Acero Del Fuego, S.A.	100%	Mineral exploration	Mexico	Pesos
Nordic Mines Marknad AB	100%	Mineral exploration	Sweden	Euros
Otso Gold Oy	100%	Mineral exploration and development	Finland	Euros
2273265 Alberta Ltd.	100%	Holding company	Canada	Canadian dollars

Effective February 1, 2020 the Company's subsidiary, Nordic Mines Marknad AB, functional currency changed from United States dollars to Euros as this was determined to represent the operational, financing and investing cash flows of that entity.

Foreign currencies and functional currencies

These financial statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using their functional currency. Functional currency is the currency of the primary economic environment in which these entities operate as described above.

Transactions in currencies other than the entity’s functional currency are recognized at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the Statement of Financial Position date. Non-monetary items that are measured in terms of historic cost in a foreign currency are translated at rates at the date of the initial transaction. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange differences are recognized in the Statement of Income (Loss) and Comprehensive Income (Loss) in the period in which they arise.

The financial statements of entities that have a functional currency different from that of the Company (“foreign operations”) are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate for the applicable period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as currency translation differences and taken into a separate component of equity.

3 Summary of significant accounting policies

a) Consolidation

Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances, transactions, income and expenses have been eliminated upon consolidation.

b) Cash and cash equivalents

The Company considers cash to include amounts held in banks and highly liquid investments with maturities at a point of purchase of three months or less.

c) Inventory

Materials and supplies inventory consists of consumable parts and supplies which are valued at the lower of weighted average cost and net realizable value. Replacement cost is used as the best available measure of net realizable value.

d) Property, Plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment charges. Land is not depreciated.

Where an item of property and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property and equipment.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "care and maintenance."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

Depreciation is charged so as to write off the cost of the asset using the straight-line method over the estimated useful lives as follows:

Buildings	5-10 years
Computer equipment	2-4 years
Furniture and equipment	5-10 years
Exploration equipment	5-10 years
Vehicles	4 years

Mineral properties and mine development costs are stated at cost less accumulated depreciation and impairment losses. When production commences, these costs are amortized using the units of production ("UOP") method, based on recoverable ounces from the estimated proven and probable reserves and a portion of measured and indicated resources that are reasonably expected to be converted to proven and probable reserves. Capitalization of costs incurred ceases when the mining property is capable of commencement of mining operations in the manner intended by management. Costs incurred prior to this point, including depreciation of related plant and equipment, are capitalized. The Company applies judgment in its assessment of when a mine is capable of operating in the manner intended by management which takes account of the design of the mine and the nature of the initial commissioning phase of the mine. Non-recoverable costs for projects determined not to be commercially feasible are expensed in the period in which the determination is made or when the carrying value of the project is determined to be impaired.

The depreciation method, useful life and residual values are assessed annually.

Subsequent costs

The cost of replacing part of an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

The decommissioning and rehabilitation provision associated with the retirement of a long-lived asset is recognized in the period when it can be reasonably determined. The provision is initially measured at its fair value and recorded as a liability with an offsetting retirement cost that is capitalized as part of the related long-lived asset on the Consolidated Statement of Financial Position. The estimated fair value is measured by reference to the expected future cash flows required to satisfy the obligation, discounted at the Company's credit-adjusted risk-free rate. Changes in the estimated obligation resulting from revisions to estimated timing or amount of future cash flows are recognized as a change in the decommissioning and rehabilitation provision and the related asset retirement cost.

Amortization of asset retirement costs are included in depreciation, depletion and amortization in the Consolidated Statement of Loss. Increases in the decommissioning and rehabilitation provision resulting from the passage of time are recorded as accretion in the Consolidated Statement of Loss.

Actual expenditures incurred are charged against the accumulated decommissioning and rehabilitation provision.

f) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Consolidated Statement of Comprehensive Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the 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. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) Financial instruments

All financial instruments must be recognized, initially, at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit and loss ("FVTPL"). Subsequent measurement of the financial instruments is based on their respective classification. The Company had made the following classifications:

Financial assets or liabilities	Category
Cash and cash equivalents	Amortized cost
Reclamation bond	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible debenture	Amortized cost
Embedded derivative – convertible debenture	Fair value through profit and loss
Royalty provision	Fair value through profit and loss
Loan	Amortized cost

- **Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded based on proceeds received, net of direct issue costs.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

- **Warrants issued in equity financing transactions**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by such agreements. Warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in contributed surplus with the common shares that were concurrently issued classified as share capital, based on their relative fair values. Broker compensation options are classified as issuance costs.

The decommissioning and rehabilitation provision associated with the retirement of a long-lived asset is recognized in the period when it can be reasonably determined. The provision is initially measured at its fair value and recorded as a liability with an offsetting retirement cost that is capitalized as part of the related long-lived asset on the Consolidated Statement of Financial Position. The estimated fair value is measured by reference to the expected future cash flows required to satisfy the obligation, discounted at the Company's credit-adjusted risk-free rate. Changes in the estimated obligation resulting from revisions to estimated timing or amount of future cash flows are recognized as a change in the decommissioning and rehabilitation provision and the related asset retirement cost.

Amortization of asset retirement costs are included in depreciation, depletion and amortization in the Consolidated Statement of Loss. Increases in the decommissioning and rehabilitation provision resulting from the passage of time are recorded as accretion in the Consolidated Statement of Loss.

Actual expenditures incurred are charged against the accumulated decommissioning and rehabilitation provision.

h) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized during the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

i) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants, and convertible debentures, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

j) Comprehensive income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as foreign currency translation adjustments for a subsidiary with a different functional currency. The Company's comprehensive income, components of other comprehensive income, and cumulative translation adjustments are presented in the Consolidated Statement of Operations and Comprehensive Income (Loss) and the Consolidated Statement of Changes in Equity.

k) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individual or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligation between related parties.

4 New accounting standards not yet adopted.

a) Property, Plant and Equipment

Proceeds before Intended Use (Amendments to IAS 16): The amendments prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. This amendment is effective for the Company’s annual reporting period beginning January 1, 2022, with early adoption permitted. The Company is in the process of assessing the impact of the adoption of this amendment.

None of the other standards and amendments to standards and interpretations that have been issued but are not yet effective are expected to significantly affect the Company’s consolidated financial statements.

5 Critical accounting judgements and estimates

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in which the estimates are revised and in any future periods affected.

The following are the critical judgments and areas involving estimates, that management has made in the process of applying the Company’s accounting policies and that have the most significant effect on the amount recognized in the Financial Statements:

a) Critical judgements in applying accounting policies

Impairment

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting. As at January 31, 2021, the Company did not identify any conditions causing the recognized value of its assets to be impaired.

Income, value added, withholding and other taxes

The Company and its subsidiaries are subject to income, value added, withholding and other taxes. Significant judgment is required in determining the provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The 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 periods. 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.

Impairment of property, plant and equipment

The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property, plant and equipment's acquisition, development or cost of holding; and whether exploration and operating activities produced results that are not promising such that no more work is being planned in the foreseeable future. Gold and silver prices are volatile and affected by many factors beyond the Company's control, including prevailing interest rates and returns on other asset classes, expectations regarding inflation, speculation, currency values, governmental decisions regarding precious metals stockpiles, global and regional demand and production, political and economic conditions and other factors may affect the key assumptions used in the Company's impairment testing. Various factors could impact our ability to achieve forecasted production levels from proven and probable reserves. Additionally, production, capital and reclamation costs could differ from the assumptions used in the cash flow models used to assess impairment. Actual results may vary from the Company's estimates and result in additional impairment charges.

Achievement of the production phase occurs once a mine is capable of reaching the operating levels intended for commercial production. At this point depreciation and depletion of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company's reach this level.

Management considers several factors including, completion of a reasonable period of commissioning and that consistent operating results are being achieved at a pre-determined level of design capacity. The Company has determined that this has not yet occurred.

b) Key sources of estimation uncertainty

Share-based payments

Management assesses the fair value of stock options granted using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards. The value of the share-based payment expense for the year along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 15.

Rehabilitation and restoration provision

The Company has obligations for the future restoration of its mining tenements. In most instances, removal of assets and restoration of the surrounding area occurs at the end of mine life. This requires judgmental assumptions regarding removal date, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining removal cost, and asset specific discount rates to determine the present value of these cash flows.

Fair value of derivatives

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. Management uses its judgment to select a method of valuation and makes estimates of specific model inputs that are based on conditions existing at the end of each reporting period. Refer to notes 12 and 13 for further details on the methods and assumptions associated with the measurement of the royalty provision, including the related accounting for the restructuring of the forward gold purchase agreement and the embedded derivative within the convertible debentures, respectively.

6 Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments recognized and disclosed at fair value on the consolidated statements of financial position or are disclosed 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:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, reclamation bond, accounts payable and accrued liabilities, convertible debentures, royalty provision, and the loans from external parties. The fair value of accounts payable and accrued liabilities may be less than their carrying value due to the liquidity risk (see Note 1. The fair values of the derivative component of the convertible debentures (Note 13) and royalty provision (Note 12) are determined using inputs at level 3 of the fair value hierarchy.

c) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and reclamation bonds. Cash and cash equivalents consist of cash held at a Canadian bank. A substantial portion of the Company's amounts receivable is Input Tax Credit. The carrying amount of cash and cash equivalents, reclamation bonds and amounts receivable represents the maximum credit exposure.

Management monitors the exposure to credit risk on an ongoing basis and does not consider such risk significant at this time.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses. As at January 31, 2021, the Company had a cash balance of $95,531 (2020 - $239,064) to settle current liabilities of $44,068,723 (2020 - $18,789,435). See Note 1 for further details.

The contractual undiscounted future cash flows of the Company's significant financial liabilities are as follows:

January 31, 2021		**Less than 1 year**		**1 to 3 years**
Accounts payable and accrued liabilities	$	15,308,184	$	-
Convertible debentures		419,378		5,090,628
Loan		1,278,000		-
Pandion loan		29,394,000		-
Royalty provision		1,979,129		50,174,811
	$	48,378,691	$	55,265,439

January 31, 2020		**Less than 1 year**		**1 to 3 years**
Accounts payable and accrued liabilities	$	16,153,449	$	-
Convertible debentures		468,522		-
Pandion loan		-		30,488,151
Royalty provision		2,717,659		49,063,134
	$	19,339,630	$	79,551,285

e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's operations, net earnings or the value of financial instruments.

Foreign currency risk

Foreign exchange risk is the risk that variations in exchange rates between foreign currencies will affect the Company's operating and financial results. The Company is exposed to foreign currency risk as a 5% shift in foreign exchange rates would result in an impact of approximately $30,000. As at January 31, 2021, the Company held currencies totaling the following:

	US Dollars	**Euro**	**Swedish Krona**
Cash and cash equivalents	358	32,055	759,432
Accounts receivable	-	281,008	19,260
Accounts payable and accrued liabilities	(139,810)	(7,657,280)	(3,201,375)
Net exposure	(139,452)	(7,344,217)	(2,422,683)
Canadian dollar equivalent	(178,220)	(11,393,084)	(371,155)

Interest rate risk

Interest rate risk is the risk that interest rate fluctuations will affect the Company's operating and financial results. Management does not believe that the Company is exposed to significant interest rate risk as its debt incurs interest at a fixed rate.

Commodity price risk

The nature of the Company's operations results in exposure to fluctuations in commodity prices. Commodity prices are impacted by global economic events that dictate the levels of supply and demand. Otso's management continuously monitors commodity prices and may consider instruments to manage exposure to these risks when it deems appropriate.

The Company is exposed to commodity price risk with respect to the price of gold. Commodity price risk is defined as the potential impact on earnings and economic value due to price movements. The Company closely monitors prices of gold to determine the appropriate course of action to be taken by the Company. Price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the market price of gold.

7 Inventory

Inventory consists of parts and supplies, including priority spares and maintenance consumables for the mine site. As at January 31, 2021, inventory is $2,332,606 (2020 - $2,518,918).

8 Property, Plant and equipment

	Land	Connection fees	Buildings	Mineral properties and machinery equipment	Total
Cost or Deemed Cost	$	$	$	$	$
Balance at January 31, 2019	2,677,221	2,315,183	7,491,782	37,493,481	49,977,667
Additions	-	-	-	10,864,727	10,864,727
Capitalized revenue	-	-	-	(5,780,758)	(5,780,758)
Depreciation	-	-	(929,491)	(91,046)	(1,020,537)
Currency translation adjustment	(82,381)	(71,241)	(201,929)	(1,271,060)	(1,626,611)
Balance at January 31, 2020	2,594,840	2,243,942	6,360,362	41,215,344	52,414,488
New ARO estimate (Note 14)	-	-	-	(141,253)	(141,253)
Depreciation	-	-	(1,202,946)	(183,680)	(1,386,626)
Currency translation adjustment	89,996	77,826	178,873	1,418,188	1,764,883
Balance at January 31, 2021	2,684,836	2,321,768	5,336,289	42,308,599	52,651,492

9 Reclamation bonds

The reclamation bonds represent cash of $5,094,528 (January 31, 2020 - $4,806,231) that has been placed in trust as security to the appropriate government entity relating to the Company's site closure obligations in Finland. The total reclamation deposits are for government reclamation bonds for the Otso Gold Mine project and a deposit held for the Finnish Safety and Chemical Agency. These security deposits were posted with a Finnish financial institution.

A security deposit of $37,500 (January 31, 2020 - $37,500) was made in favour of the BC Ministry of Energy and Mines prior to commencement of surface work on the Sheslay Project. A security deposit for this amount was posted with a Canadian financial institution.

10 Exploration and evaluation assets

Exploration and evaluation assets consist of the Sheslay property located in Canada.

Sheslay

The Sheslay property (the “Property”) comprises nineteen mineral claim licenses located in the Atlin Mining Division of northwestern British Columbia.

During the year ended January 31, 2016, Prosper Gold Corp (“Prosper”) acquired a 51% interest in the Property by completing certain cash, share, and exploration expenditure conditions. Accordingly, Otso transferred 51% of its rights, title, and interest in and to the mineral claims comprising the Property to Prosper. Otso retained a 49% interest in the Property.

During the year ended January 31, 2017, the Company entered into a joint venture agreement. The joint venture agreement specifies that Prosper and Otso will contribute funds to continue explorations on the Sheslay Property based on their percentage of ownership; 51% to be contributed by Prosper and 49% to be contributed by the Company.

During the year ended January 31, 2020, as substantive expenditures on the Shesley property were not planned in the near term, the Company wrote down its capitalized cost to $1.

11 Loan

During October 2020, the Company entered into a loan agreement with Amalgam Rail Management Ltd. (“Amalgam”) for a principal amount of USD$1,000,000 bearing interest at 7% per annum and repayable, together with accrued interest, on April 20, 2021. During the year ended January 31, 2021, the Company recognized $25,330 in interest payable on the loan. The principal amount of the loan plus accrued interest was settled subsequent to the year ended January 31, 2021 (Note 22).

12 Forward Gold Purchase Agreement

In November 2017, and amended in October 2018, the Company entered into a Pre-Paid Forward Gold Purchase Agreement (the “PPF Agreement”) with PFL Raahe Holdings LP (“PFL”), a subsidiary of Pandion. Under the PPF Agreement, PFL advanced to the Company an amount of $25,720,000 (USD$20,600,000) (the “Gold Prepayment Amount”) in one tranche as partial consideration for the purchase of a total of 67,155 ounces of gold. PFL was entitled to purchase 67,155 ounces of the gold production from Otso at market prices, less a discount of USD$500 per ounce, from months 18 to 60 commencing on January 1, 2019. During the year ended January 31, 2019, an additional $9,180,300 (USD$7,000,000) was advanced to the Company by PFL and was to be repaid as 22,315 additional ounces to the initial PPF Agreement under the same terms unless the funds advanced are repaid prior to June 30, 2019.

As part of the additional USD$7,000,000 financing, a clause in the original PPF Agreement whereby PFL had the right to exchange the delivery of up to 24,000 ounces of gold for up to 270 million common shares of the Company (in increments of 100 ounces for 1,125,000 common shares) was exchanged for the following consideration:

- Issuance of shares equal to 19.99% of the issued and outstanding shares of the Company with PFL having the right to maintain that interest up to the point that the Company raised $10,000,000 in equity. During the year ended January 31, 2019, the Company issued 38,754,785 shares for a total value of $4,257,064.
- 2.5% net smelter return on gold production from the Otso Gold Mine.
- The Company making a payment of USD$1,500,000 to PFL by April 15, 2019 (not paid).
- PFL being entitled to 50% of the revenue generated from future gold ounces sold above USD$1,200 per ounce. (under the original PPF Agreement, this was USD$1,235 per ounce of gold).

In April 2019, the Company announced that Pandion agreed to fund the Company's 100% owned Finnish subsidiary, Otso Gold Oy, the holding entity for the Otso Gold Mine, during care and maintenance of the mine (the "Maintenance Loan Agreement") subject to certain conditions as follows:

- Otso Gold OY may draw down from Pandion a principal amount of up to EUR350,000 per month.
- The loan would bear interest at 12% per annum.
- Otso Gold OY would repay the loan with all accrued and unpaid interest on the 5th business day following a written demand by the lender.

During the year ended January 31, 2020, the Company received $6,445,145 (EUR4,334,910) from Pandion under the Maintenance Loan Agreement.

On October 7, 2019, the Company restructured the PFP Agreement and the Maintenance Loan Agreement with Pandion. The key commercial terms of the restructured debt are as follows:

- Payments of:
    - USD$1.56 million payable in common shares of the Company upon the completion of up to $7 million equity raise or pro rata on each tranche thereof;
        - Pursuant to this, during the year ended January 31, 2021, the Company issued 8,496,320 common shares to Pandion and settled US$328,174 ($424,816) of this amount. The remaining obligation was settled subsequent to the year ended January 31, 2021. (Note 22).
    - USD$11.5 million due in March 2021 (see below); and
    - USD$11.5 million due in September 2021 (see below).
- Cancellation of gold deliveries to Pandion, its upside participation and free carry right, pursuant to the PFP Agreement.
- After the payments outlined above have been made, Pandion will release their security package in full and have no entitlements from the Company, other than continuing to be entitled to 2.5% net smelter return ("Royalty Provision") on gold production from the Otso Gold Mine.

On December 13, 2020, the Company renegotiated the Pandion Loan for the entire outstanding balance of USD$23 million to be paid on or prior to December 7, 2021. As a condition for the extension, the Company will accrue interest from the date of the completion of the financing from Brunswick Gold Ltd. (Note 22) through to December 7, 2021 at a rate of 15% per annum. The financing from Brunswick Gold Ltd. was completed on February 8, 2021.

As a result of the restructuring, during the year ended January 31, 2020, 26,612,000 common shares of the Company, valued at $1,330,600, were issued to entities controlled by Brian Wesson and Clyde Wesson (Note 17) as an arrangement fee. A further 17,735,693 common shares of the Company were issued to these entities pursuant to the Maintenance Loan Agreement and the working capital assistance, for an additional value of $709,428 during the year ended January 31, 2021(Note 15).

Upon restructuring, it was determined that the Royalty Provision is a derivative to be recognized on the statement on financial position at fair value. The remaining loan consisting of USD$23 million (the "Pandion Loan") is a financial liability carried at amortized cost.

On the date of the restructuring, the pre-existing gold forward sale derivative liability was updated to be at fair value prior to derecognition and the fair value of the Royalty Provision and the Pandion Loan was compared to that, with the resulting gain recorded in the Statements of Operations and Comprehensive Income/(Loss). The Company calculated the fair value of the Pandion Loan and the Royalty Provision to be $16,926,756 and $9,031,270, respectively. The key assumptions of the valuations are noted below:

Loan	
First payment of USD$11.5 million in month	April 2021
Second payment of USD$11.5 million in month	October 2021
Exchange rate USD/CAD	1.32
Discount rate	33%
Royalty provision	
Average monthly ounces of gold	7,225
Total months of gold production	126
Average gold price in USD	$1,701
Average exchange rate USD/CAD	1.34
Discount rate	33%

During the year ended January 31, 2020, a gain on restructuring of debt was calculated as follows:

Gold forward sale derivative liability	**$**
Gold forward sale derivative liability balance, January 31, 2019	**51,756,705**
Revaluation of the gold forward derivative	**22,139,413**
Fund received pursuant to the Maintenance Loan Agreement (EUR4,334,910)	**6,445,145**
Working capital assistance (US$900,000)	**1,170,000**
Additional working capital assistance received	**213,399**
Recognition of Pandion Loan	**(16,926,756)**
Recognition of Royalty Provision	**(9,031,270)**
Common shares issued for arrangement fee on debt restructuring (Note 17)	**(1,330,600)**
Gain on restructuring	**54,436,036**

The continuity of the Pandion Loan and the Royalty Provision was as follows:

Pandion Loan	**$**
Balance, January 31, 2019	-
Initial recognition upon debt restructuring	**16,926,756**
Accretion	**1,914,973**
Foreign translation adjustment	**(82,570)**
Balance, January 31, 2020	**18,759,159**
Accretion	**7,830,914**
Foreign translation adjustment	**(994,965)**
Balance, January 31, 2021	**25,595,108**
Less, current portion	**(25,595,108)**
Non-current portion	-

Royalty provision	**$**
Balance, January 31, 2019	-
Initial recognition upon debt restructuring	**9,031,270**
Change in fair value	**4,148,531**
Balance, January 31, 2020	**13,179,801**
Change in fair value	**(1,064,283)**
Balance, January 31, 2021	**12,115,518**
Less, current portion	**(1,468,053)**
Non-current portion	**10,647,465**

As at January 31, 2021, significant inputs used in the valuation of the royalty provision were as follows:

Average monthly ounces of gold	7,295
Total months of gold production	112
Average gold price in USD	$1,866
Average exchange rate USD/CAD	1.29
Discount factor	95%

As at January 31, 2021, Pandion held a total of 47,251,105 common shares of the Company, which constitutes 18% of the total common shares outstanding. Pandion is therefore considered a related party to Otso.

13 Convertible debentures

During the year ended January 31, 2018, the Company issued in total $419,000 of convertible debentures. The debentures are unsecured, bear interest at 9% per annum, were due on June 30, 2020 and convertible into common shares of the Company at $0.10 per share (Note 22). The conversion feature of the convertible debenture is accounted for as an embedded derivative.

During June 2020, the Company reached an agreement with the registered holders of the above 9% convertible debentures due June 30, 2020, to extend such maturity date to December 30, 2020. On April 12, 2021, the Company repaid the principal and interest to settle these debentures (Note 22). In conjunction with extending the maturity date to December 30, 2020, upon receiving approval from the TSX Venture Exchange, the

Company issued to the debenture holders 2,223,077 extension warrants, (in accordance with TSX-V Policy 5.1 -- Loans, Loan Bonuses, Finder's Fees and Commissions). Each extension warrant allows the holders to acquire one additional common share of the Company at an exercise price of $0.09 per share for a one-year period. The fair value of these extension warrants was calculated to be $48,908 and included as share-based payments expense in the consolidated statement of (income) loss. The fair value was determined using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	0.23%
Expected dividend yield	0.00%
Stock price	$0.06
Expected stock price volatility (calculated monthly)	126%
Expected life in years	1 year

During March 2020, the Company closed a non-brokered private placement of convertible debentures with face value of $4,671,250, discounted 20%, for total proceeds of $3,665,450. Of these convertible debentures, $1,532,700 (EUR 1 million) were issued as payment towards an existing payable to Tallqvist Infa OY ("Tallqvist") (Note 18). Debentures totalling face value of $2,715,375 were issued to Pandion for proceeds of $2,100,750 (Note 17).

These unsecured debentures bear interest at 10% per annum and are convertible into common shares of the Company at a price equal to the greater of $0.10 per share and the conversion date closing market price less a 20% discount. These debentures are due on March 26, 2023. The Company has an option of paying any interest due in common shares of the Company, with the number of such common shares being dependent on their market value on the date prior to the interest payment. Otso also has a right to redeem the debentures at their face value plus any accrued but unpaid interest prior to the maturity date.

A total of 4,671,250 common shares, with fair value of $186,850, were issued to related parties as finders fees for these convertible debentures (Note 15).

As at January 31, 2021, the total value of convertible debentures recognized was $4,498,470, comprised of the value of the conversion option derivative of $1,134,640 and the debentures of $3,363,830. A continuity of the debentures and the conversion option derivative was as follows:

	Debentures	Conversion Option Derivative	Total
	$	$	$
Balance, January 31, 2019	376,328	148,288	524,616
Accretion	30,452	-	30,452
Adjustment to fair value	-	(86,546)	(86,546)
Balance, January 31, 2020	406,780	61,742	468,522
Additions	3,120,026	1,551,224	4,671,250
Discount on face value	(671,795)	(334,005)	(1,005,800)
Accretion	898,086	-	898,086
Interest accrual	(389,267)		(389,267)
Adjustment to fair value	-	(144,321)	(144,321)
Balance, January 31, 2021	**3,363,830**	**1,134,640**	**4,498,470**
Less, current portion	**(419,378)**	**-**	**(419,378)**
Non-current portion	**2,944,452**	**1,134,640**	**4,079,092**

The fair value of the conversion option derivatives was determined using the Black-Scholes option pricing model with the following assumptions:

	January 31, 2021	January 31, 2020
Risk free interest rate	**0.14%**	1.47%
Expected dividend yield	**0.00%**	0.00%
Conversion price	**$0.10**	$0.10
Expected stock price volatility (calculated monthly)	**120.35%**	102.83%
Expected option life (years)	**2.15**	0.41

14 Decommissioning and rehabilitation provision

	January 31, 2021	January 31, 2020
	$	$
Balance, opening	**11,461,599**	**11,276,045**
Accretion expense	**(46,395)**	**137,554**
Change in estimate	**(141,253)**	**369,072**
Foreign exchange	**692,626**	**(321,072)**
Balance, ending	**11,966,577**	**11,461,599**

The decommissioning and rehabilitation provision is comprised of costs expected to be incurred in connection with future remediation and closure activities at the end of the life of the Otso Gold mine in Finland. These activities include water treatment (cleaning of the mine waters for the sulfidic waste rock and tailings area), land rehabilitation, ongoing care and maintenance on water pumps and pipes, and other reclamation and closure related requirements.

The total inflation adjusted estimated cash flows required to settle the decommissioning and rehabilitation provision is estimated to be $11,966,577 (2020 - $11,461,599), with expenditures expected to be incurred over the course of the next 10 years upon closure of the Otso Gold mine. In determining the carrying amount of the decommissioning and rehabilitation provision as at January 31, 2021 the Company has used a risk-free discount rate of (0.36%) (2020 (0.39%)) and an inflation rate of 1.05% (2020 - 1.21%).

15 Share capital

a) Authorized:

Unlimited common shares without par value

b) Issued or allotted and fully paid:

As at January 31, 2021, the Company had 269,741,758 (January 31, 2020 – 222,292,740) common shares outstanding.

Fiscal 2021:

On May 12, 2020, the Company executed an investment agreement with Alumina Partners (Ontario) Ltd. (“Alumina”), an affiliate of Alumina Partners LLC, a New York-based private equity firm that has made substantial investments in a broad range of publicly traded securities. The terms of the drawdown facility are set out in an investment agreement dated May 11, 2020, between Alumina and the Company. The drawdown facility is subject to Alumina and the Company agreeing mutually to the pricing terms and subject to regulatory approval of each tranche of the financing.

The investment agreement details the purchase of up to $8 million of units of the Company, consisting of one common share and one common share purchase warrant, at discounts ranging from 15% to 25% on the market price of the shares, with tranches of the drawdown facility occurring at the mutual consent of the Company and Alumina, throughout the 24-month term of the investment agreement. The exercise price of the warrants will be at a 20% premium over the market price of the shares at the time of issuance. There are no upfront fees or interest associated with the use of the drawdown facility.

During the year ended January 31, 2021, the Company entered into the following unit financings with Alumina for total proceeds of $600,000. All warrants included in the units are exercisable for a period of 60 months from the date of issuance.

Date of issuance	# of units*	Unit Price $	Total proceeds $	Warrant exercise price $
June 12, 2020	3,333,334	0.06	200,000	0.096
June 24, 2020	2,000,000	0.05	100,000	0.06
July 16, 2020	2,000,000	0.05	100,000	0.06
September 18, 2020	4,000,000	0.05	200,000	0.072

* A total of 50% of these warrants (5,666,667) were issued to a related party (Note 17)

On June 12, 2020, the Company closed a private placement for 1,666,667 units for $0.06 per unit. Each unit consists of one share and one warrant, with each warrant exercisable for 60 months at an exercise price of $0.096 per share.

On July 16, 2020, the Company closed a private placement for 1,400,000 units for $0.05 per unit. Each unit consists of one share and one warrant, with each full warrant exercisable for 60 months at an exercise price of $0.06 per share.

During July 2020, the Company issued 750,000 common shares upon the exercise of stock options at the strike price of $0.05 per share.

On November 17, 2020, the Company issued 8,496,320 common shares to Pandion as partial settlement of common shares to be issued upon the Company reaching certain financing milestones (Note 12).

On December 7, 2020, the Company issued 23,802,697 common shares to related parties in connection with a management agreement with the Company (Notes 17, 18), as follows:

- 17,735,693 common shares issued in connection with the restructuring of the Company's debt with Pandion (Note 12).
- 4,671,250 common shares issued in connection with the convertible debentures issued during the year ended January 31, 2021 (Note 13).
- 1,395,754 common shares issued in connection with various private placement financings during the year ended January 31, 2021, as described above.

The Company paid a total of $45,883 of share issuance costs to complete the private placements during the year ended January 31, 2021.

Fiscal 2020:

During July 2019, the Company issued 300,000 common shares upon the exercise of options with a strike price of $0.05 per option.

On October 7, 2019, the Company issued 26,612,000 common shares valued at $1,330,600 (Note 12).

c) Earnings (loss) per share

Earnings (loss) per share, calculated on a basic and diluted basis, is as follows:

	January 31, 2021	January 31, 2020
Earnings (loss) per share		
Basic	**($0.07)**	$0.07
Diluted	**($0.07)**	$0.07
Net income (loss)		
Net income (loss) available attributable to common shareholders – basic and diluted	**($15,377,423)**	$14,248,746
Weighted average number of shares outstanding		
Weighted average number of shares outstanding – basic	**235,536,518**	203,989,485
Dilutive securities:		
Convertible debenture	**-**	4,190,000
Weighted average number of share outstanding – diluted	**235,536,518**	208,179,485

For the year ended January 31, 2021, exercisable common shares totaling 20,906,411 (2020 - 21,175,000) consisting of shares issuable upon conversion of debentures and exercise of stock options and warrants have been excluded from the calculation of diluted income per share as all such securities were anti dilutive.

d) Summary of stock option activity

Under the Company's stock option plan, the Company may grant stock options to its directors, officers, consultants, and employees. Options granted under this plan may expire up to ten years from the date of grant.

Fiscal 2021

The Company granted 1,550,000 stock options to its directors, officers, and consultants at an exercise price of $0.075 and a life of five years from the date of the grant.

A total of 750,000 options were exercised during the period ended July 31, 2020 at the strike price of $0.05 per option for proceeds totaling $37,500. The fair value of the common shares of the Company on the date of exercise of these stock options was $0.07 per common share.

A total of 8,225,000 options at a weighted average price of $0.10 per option were either forfeited or expired without being exercised.

Fiscal 2020:

The Company granted 2,400,000 incentive stock options to its directors, officers, and consultants at an exercise price of $0.05 and a life of five years from the date of the grant. These options vested immediately.

A total of 1,600,000 options priced between $0.05 and $0.14 were forfeited. In addition, 300,000 common shares were issued upon exercise of options with an exercise price of $0.05 per option.

Stock option activity is summarized as follows:

Stock option activity	**Year ended January 31, 2021**	**Weighted average exercise price**	Year ended January 31, 2020	Weighted average exercise price
	#	**$**	#	$
Balance – beginning of year	**11,625,000**	**0.10**	11,125,000	0.10
Granted	**1,550,000**	**0.08**	2,400,000	0.05
Exercised	**(750,000)**	**0.05**	(300,000)	0.05
Forfeited	**(8,225,000)**	**0.10**	(1,600,000)	0.09
Balance – end of year	**4,200,000**	**0.07**	11,625,000	0.09

Details of stock options outstanding as at January 31, 2021 are as follows:

Date of grant	Expiry date	Exercise price	Outstanding and exercisable
		$	#
June 27, 2018	June 27, 2023	0.15	300,000
July 6, 2018	July 6, 2023	0.14	250,000
September 20, 2019	September 19, 2024	0.05	2,100,000
June 11, 2020	June 11, 2025	0.08	1,550,000
			4,200,000

The fair value of the stock options was estimated using the Black-Scholes Model with the following weighted-average assumptions:

	January 31, 2021	January 31, 2020
Risk free interest rate	**0.37%**	1.42%
Expected dividend yield	**0.00%**	0.00%
Stock price	**$0.06**	$0.03-$0.14
Expected stock price volatility (calculated monthly)	**120%**	120%
Expected option life in years	**5 years**	5 years
Forfeiture rate	**0.00%**	0.00%
Fair value on date of grant	**$0.05**	$0.03

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. Volatility was determined using historical stock prices. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

e) Warrants

As at January 31, 2021, the Company had 16,706,411 (January 31, 2020 – 9,650,000) warrants outstanding with a weighted average exercise price of $0.08 (2020 - $0.14) and a weighted average remaining life of 3.94 years (2020 – 0.82 years).

During the year ended January 31, 2021, the Company issued 14,483,334 warrants, including 83,333 finders' warrants, with an expiration date of 60 months from the date of the grant. The Company also issued 2,223,077 warrants as part of the extension of the convertible debentures with an expiration date of one year from the date of the grant (Note 13). A total of 5,083,334 of these warrants are exercisable at the strike price of $0.096, 5,400,000 are exercisable at the strike price of $0.06, 2,223,077 of these warrants are exercisable at the strike price of $0.09, and the remaining 4,000,000 of these warrants are exercisable at $0.072.

Warrant Activity is summarized below:

Warrant activity	**January 31, 2021**	**Weighted average exercise price**	January 31, 2020	Weighted average exercise price
	#	**$**	#	$
Balance – beginning of year	**9,650,000**	**0.14**	18,011,353	0.14
Issued	**16,706,411**	**0.08**	-	-
Expired	**-**	**-**	(8,202,153)	0.15
Exercised	**(9,650,000)**	**0.13**	(159,200)	0.05
Balance – end of year	**16,706,411**	**0.08**	9,650,000	0.14

Details of warrants outstanding as at January 31, 2021 are as follows:

Date of grant	**Expiry date**	**Exercise price**	**Outstanding and exercisable**
		$	#
June 2, 2020	June 2, 2025	0.096	3,333,334
June 5, 2020	June 5, 2025	0.096	1,750,000
July 17, 2020	July 27, 2025	0.06	5,400,000
July 28, 2020	July 28, 2021	0.09	2,223,077
September 24, 2020	September 24, 2025	0.07	4,000,000
			16,706,411

The fair value of the warrants was estimated using the Black-Scholes Model with the following weighted-average assumptions:

	January 31, 2021
Risk free interest rate	**0.36%**
Expected dividend yield	**0.00%**
Stock price	**$0.07**
Expected stock price volatility (calculated monthly)	**106%**
Expected warrant life in years	**5 years**
Forfeiture rate	**0.00%**
Fair value on date of grant	**$0.05**

16 Care & Maintenance Costs

Care and Maintenance costs are broken down below:

	January 31, 2021 $	January 31, 2020 $
Mining services	**648,961**	1,141,670
Depreciation of property and equipment	**1,386,626**	1,020,537
Salaries and wages	**1,066,029**	2,051,619
Utilities	**185,117**	737,579
Office and general	**371,877**	905,019
Legal and professional fees	**267,741**	631,694
Equipment rentals	**99,914**	178,610
Travel	**8,628**	38,189
Vehicle costs	**13,212**	49,995
Telephone costs	**11,122**	11,815
	4,059,227	6,766,727

17 Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of members of the Company's Board of Directors and the Company's Chief Executive Officer and Chief Financial Officer.

The remuneration to key management personnel during the years ended January 31, 2021 and 2020 is as follows:

	January 31, 2021 $	January 31, 2020 $
Short-term benefits (i)	**1,642,250**	1,106,151
Share based payments	**40,886**	77,347
	1,683,136	1,183,498

(i) Includes consulting fees, director fees, management fees and other employment benefits, pursuant to service agreements.

During the year ended January 31, 2020, B & A Wesson Pty Ltd and C & C Wesson Pty Ltd, associated entities of Brian Wesson and Clyde Wesson, received a total of 26,612,000 common shares of the Company, valued at $1,330,600, as payment for the successful restructure of the Pandion debt (Note 12). Brian Wesson and Clyde Wesson are both directors of the Company.

During March 2020, the Company issued convertible debentures with face value of $2,715,375 to Pandion for proceeds of $2,100,750 (Note 13).

On November 17, 2020, the Company issued 8,496,320 common shares to Pandion as partial settlement of common shares to be issued upon the Company reaching certain financing milestones (Note 12).

On December 7, 2020, the Company issued 23,802,697 common shares to B&A Wesson Pty Ltd. and C&C Wesson Pty Ltd. in connection with the management agreement between the Company an Lionsbridge (Note 18).

During the year ended January 31, 2021, 5,666,667 warrants were issued to C&C Wesson Pty Ltd. in connection with the financing with Alumina (Note 15).

As at January 31, 2021, an amount of $1,067,090 (2020 - $269,332) was included in accounts payable and accrued liabilities, representing amounts owing to directors and officers of the Company. Any amounts owing at any time to key management personnel are unsecured, non-interest bearing, and due to demand.

18 Commitments and Contingencies

a) Tallqvist Infa OY, the Company hired by Otso Gold Oy to mine the ore at the Otso Gold Mine had, on April 17, 2019, submitted a bankruptcy application with the District Court of Oulu. Otso Gold Oy rejected the bankruptcy application as being without merit as the bankruptcy requirements as set out in Finnish law had not been fulfilled. The bankruptcy application related to a civil claim filed by Tallqvist Infra OY on April 23, 2019 with the District Court of Oulu. The amount of the claim was EUR 6,900,898 with penalty interest at 8% and legal costs (“Tallqvist Debt”). During July 2019, Tallqvist and the Company entered into a settlement agreement which included a payment schedule for EUR 6,900,898 plus interest on the Tallqvist Debt through to September 2020. As at January 31, 2021, the Company has paid EUR 1,601,213 and settled EUR 1,000,000 by issuance of a convertible debenture to Tallqvist as additional payment towards the settlement amount of the Tallqvist Debt (Note 13).

During December 2020, the Company and Tallqvist entered into a second amendment agreement whereby, upon closing of the financing with Brunswick Gold Ltd. (Note 22), Otso agreed to make various payments to Tallqvist as follows:

- All outstanding interest on the convertible debentures (Note 13) totalling EUR 95,078 (paid on February 8, 2021);
- A lump sum payment of the accrued interest on the Tallqvist Debt of EUR 275,000 (paid on February 18, 2021);
- Interest payment of 3%, out of the total interest of 8% on the Tallqvist Debt, to be made on a monthly basis starting February 2021 with the remaining 5% to be paid together with the Tallqvist Debt; and
- The Tallqvist Debt to be paid in its entirety on December 7, 2021.

As at January 31, 2021, the total amount of Tallqvist Debt, including interest of EUR 831,921 was EUR 5,231,921. The Company’s management believes that all of the terms of the Tallqvist Debt have been met to date.

b) Former employees of Otso Gold Oy have filed lawsuits claiming unlawful dismissal. The claims are demanding EUR 513,513 as compensation along with penalty interest and legal costs. The claim is currently pending before the District Court of Oulu and there is a risk that the court may accept at least part of the claim, however, Otso Gold Oy rejects the claims as being without merit.

   Certain previous officers of the Company filed a lawsuit against the Company for $269,333 in unpaid service fees. On April 9, 2021, the Company reached a settlement agreement with such previous officers for total payment of $220,000. As at January 31, 2021, total amount of $220,000 was recognized within accounts payable and accrued liabilities, which was settled on May 7, 2021.

c) In conjunction with the management agreement between the Company and Lionsbridge, (a company controlled by two directors of the Company), Lionsbridge is entitled to receive a fee equal to 12.5% (payable in shares of the Company, less any shares issued as finders fee thereon) of any equity or debt financing that the Company completes.
   a. During the year ended, January 31, 2021, the Company issued 23,802,697 common shares to Lionsbridge in connection to this management agreement.
   b. Subsequent to the year ended January 31, 2021, the Company issued to Lionsbridge 32,380,050 common shares of the Company in conjunction with the financing with Brunswick Gold Ltd. (Note 22).

19 Capital management

The Company's capital consists of debt and shareholders' equity. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can pursue opportunities for growth, continue to maintain investor confidence and not expose the Company to excess risk. The Company manages its capital structure and makes adjustments to it based upon the level of funds available to support the exploration and development of its mineral properties. In the past, Otso has been able to generate cash from returns on and gains on sale of its investments. However, as a development stage entity, the Company continues to be dependent on external financing to fund a substantial portion of its activities, and as necessary, to pay general and administrative and other ongoing costs. To date, external financing has included issuing common shares and obtaining debt financing all of which will continue to be considered as financing options depending upon the related terms and conditions. To the extent that market conditions are not believed to be positive for raising equity or debt, adjustments are made to the timing of planned capital expenditures and operating costs reduced to the extent possible until those market conditions become acceptable. Management reviews its capital management approach on an ongoing basis in response to both short term and long term cash flow forecasts and analyses to ensure an adequate amount of liquidity is available to sustain its operations and capital programs. The Company is not subject to externally imposed capital requirements.

Subsequent to the year ended January 31, 2021, the Company completed its financing with Brunswick Gold Ltd. of US$11 million (Note 22).

20 Segment disclosure

The Company has one reportable segment, being the acquisition, exploration, and development of gold resource properties. The following table provides segmented disclosure of assets and liabilities based on geographic location:

	Americas $	Europe $	Total $
January 31, 2021			
Current assets	**139,734**	**2,865,420**	**3,005,154**
Non-current assets			
Other non-current assets	**37,500**	**5,057,028**	**5,094,528**
Property and equipment	**-**	**52,651,492**	**52,651,492**
Exploration and evaluation assets	**1**	**-**	**1**
Liabilities			
Current Liabilities	**(31,700,805)**	**(12,367,918)**	**(44,068,723)**
January 31, 2020			
Current assets	261,643	3,535,720	3,797,363
Non-current assets			
Other non-current assets	37,500	4,768,731	4,806,231
Property and equipment	-	52,414,488	52,414,488
Exploration and evaluation assets	1	-	1
Liabilities			
Current Liabilities	(1,338,508)	(17,450,927)	(18,789,435)

21 Income taxes

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates as at January 31, 2021, of 27.00% (January 31, 2020 – 27.00%) as follows:

	January 31, 2021 **$**	January 31, 2020 $
Net income (loss) for the year	**(15,377,423)**	14,248,746
Statutory tax rate	**27.00%**	27.00%
Expected deferred tax expense (recovery)	**(4,151,904)**	3,847,161
Foreign exchange and other	**(2,089,816)**	(2,948,110)
Non-deductible (taxable) items	**2,384,972**	(6,365,410)
Change in deferred tax asset not recognized	**3,856,748**	5,466,359
Income (loss) before tax	-	-

As at January 31, 2021, no deferred tax assets are recognized on the following temporary differences, as it is not probable that sufficient future taxable profit will be available to utilize such differences:

	January 31, 2021 $	January 31, 2020 $
Non-capital loss carry forwards	**57,196,766**	53,059,892
Property and equipment	**1,691**	1,691
Exploration and evaluation assets	**235,831**	235,831
Financing costs	**578,581**	858,708
Net capital losses	**43,525**	43,525
Total unrecognized deductible temporary differences	**58,056,394**	54,199,647

As at January 31, 2021, the Company has the following approximate non-capital losses that may be carried forward to apply against income for tax purposes from future years, subject to final determination by taxation authorities in the respective countries, expiring as follows:

Year of expiry	**Canada $**	**Finland $**
2022	-	47,601,153
2023	-	69,782,233
2024	-	41,743,364
2025	-	24,297,509
2026	-	17,635,470
2027	199,377	14,593,594
2028	289,668	28,404,736
2029	474,540	11,290,117
2030	136,226	5,693,089
2031	348,652	2,687,581
2032	366,348	-
2033	271,678	-
2034	186,494	
2035	180,994	-
2036	289,594	-
2037	311,217	-
2038	228,373	-
2039	1,106,548	-
2040	2,911,073	-
2041	4,596,949	-
2042	4,552,073	-
Total	16,449,804	263,728,846

22 Subsequent events

a) On February 8, 2021, the Company completed a financing with Brunswick Gold Ltd. ("Brunswick") for a strategic investment of US$11 million in the Company. Pursuant to this financing, Brunswick Gold was issued 284,944,440 units of the Company at a price of $0.05 per unit. Each unit consists of one common share in the capital of the Company and one share purchase warrant which entitles Brunswick to purchase one common share of the Company at an exercise price of $0.05 per share for a period of 5 years from the date of issuance. As part of the financing, a total of four nominees from Brunswick joined the Company's Board of Directors. The Company's Board now consists of a total of seven directors.

   A total of 25,904,020 of such units were also issued and were used to settle the principal on the US$1 million unsecured loan from Amalgam (Note 11).

   Upon closing of the financing, Lionsbridge and Pandion were issued 32,380,050 and 31,909,280 common shares of the Company, respectively at $0.05 per common share. The issuance of these common shares to Pandion fully settled the US$1.56 million payment to Pandion pursuant to the restructured debt with Pandion (Note 12).

   After completion of this financing, on a non-diluted basis, Brunswick owns 46.03% of the outstanding common shares of the Company whereas Lionsbridge and Pandion own 13.38% and 12.79%, respectively. All three parties are considered related parties to the Company.

b) On April 12, 2021, the Company repaid the principal and interest accrued on the convertible debentures issued during its fiscal 2018 (Note 13). Total amount repaid was $453,974 to settle these debentures.