



Consolidated Financial Statements

For the years ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NuLegacy Gold Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of NuLegacy Gold Corporation, which comprise the consolidated statements of financial position as at March 31, 2021 and March 31, 2020 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of NuLegacy Gold Corporation as at March 31, 2021 and March 31, 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially 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 NuLegacy Gold Corporation'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 NuLegacy Gold Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NuLegacy Gold Corporation'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 NuLegacy Gold Corporation'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 NuLegacy Gold Corporation'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 NuLegacy Gold Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Brad J. Waddell.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
July 27, 2021

NULEGACY GOLD CORPORATION
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	March 31, 2021	March 31, 2020
Assets			
Current assets			
Cash		\$ 15,675,502	\$ 5,251,540
Receivables		48,394	18,753
Prepaid expenses		62,807	71,226
Investments	3	90,792	98,895
		15,877,495	5,440,414
Non-current assets			
Deposits	4	601,202	674,952
Fixed assets	5	420,404	156,264
Exploration and evaluation assets	6	33,316,356	28,407,560
		\$ 50,215,457	\$ 34,679,190
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	7,8	\$ 648,000	\$ 153,238
Shareholders' equity			
Share capital	8,9	58,621,966	46,701,357
Warrants reserve	9	14,670,145	8,704,851
Share options reserve	9	7,631,045	7,065,744
Revaluation reserve		(3,211,806)	(3,205,395)
Accumulated deficit		(28,143,893)	(24,740,605)
		49,567,457	34,525,952
		\$ 50,215,457	\$ 34,679,190

Corporate Information and Nature of Operations (Note 1)

Approved by the Board of Directors on July 27, 2021

Alex Davidson

Director

Albert Matter

Director

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

NULEGACY GOLD CORPORATION

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Year ended March 31,	
		2021	2020
Operating expenses			
Consulting		\$ 340,856	\$ 210,969
Depreciation	5	81,952	74,605
Directors' fees		60,000	15,000
Insurance		45,240	39,183
Investor relations		110,759	93,231
Management fees	8	427,550	521,130
Office	8	381,181	368,570
Professional fees	8	160,691	115,417
Regulatory and transfer agent		79,563	80,931
Rent		121,317	129,746
Share based payments	8,9	616,721	308,264
Travel and accomodation		15,458	156,615
		\$ 2,441,288	\$ 2,113,661
Other items			
Foreign exchange gain (loss)		(962,076)	306,299
Interest income		76	422
Loss on disposition of fixed assets		-	(7,162)
		(962,000)	299,559
Net loss for the year		\$ (3,403,288)	\$ (1,814,102)
Other comprehensive loss			
Net change in fair value of investments	3	(6,411)	11,153
Comprehensive loss for the year		\$ (3,409,699)	\$ (1,802,949)
Basic and diluted loss per share			
Net loss for the year		\$ (0.01)	\$ (0.01)
Comprehensive loss for the year		\$ (0.01)	\$ (0.01)
Weighted average common shares outstanding		493,771,470	354,988,012

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

NULEGACY GOLD CORPORATION

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Year ended March 31,	
	2021	2020
Operating activities		
Net loss for the year	\$ (3,403,288)	\$ (1,814,102)
Items not affecting cash and cash equivalents		
Depreciation	81,952	74,605
Share based payments	616,721	308,264
Unrealized foreign exchange (gains) losses	75,442	(41,697)
Loss on disposition of fixed assets	-	7,162
Changes in non-cash working capital		
Receivables	(29,641)	3,668
Prepaid expenses	8,419	111,034
Trade and other payables	76,403	(69,489)
Total cash outflows from operating activities	\$ (2,573,992)	\$ (1,420,555)
Financing activities		
Proceeds from issuance of common shares	\$ 18,125,000	\$ 7,500,000
Share issuance costs	(1,022,670)	(624,555)
Proceeds from exercise of warrants	642,153	-
Proceeds from exercise of stock options	90,000	-
Total cash inflows from financing activities	\$ 17,834,483	\$ 6,875,445
Investing activities		
Exploration and evaluation asset expenditures	\$ (4,490,437)	\$ (2,517,881)
Deposits	-	(238,619)
Purchase of fixed assets	(346,092)	(88,325)
Proceeds from sale of fixed assets	-	30,214
Total cash outflows from investing activities	\$ (4,836,529)	\$ (2,814,611)
Net change in cash and cash equivalents	\$ 10,423,962	\$ 2,640,279
Cash, beginning of year	5,251,540	2,611,261
Cash, end of year	\$ 15,675,502	\$ 5,251,540
Other non-cash items		
Change in fair market value of investments	\$ 6,411	\$ 11,153
Warrants issued in private placement	5,787,673	1,546,992
Warrants issued as finders' fees	16,070	215,886
Shares issued as finders' fees	50,000	-
Exploration and evaluation assets in trade and other payables	494,086	75,727
Transfer to share capital on exercise of warrants	176,594	-
Transfer to share capital on exercise of stock options	51,420	-
Supplementary disclosures:		
Interest received	\$ 76	\$ 408

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

NULEGACY GOLD CORPORATION

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Warrants reserve	Share options reserve	Revaluation reserve	Accumulated deficit	Total
Balance, March 31, 2019		307,173,804	\$ 41,588,790	\$ 6,941,973	\$ 6,757,480	\$ (3,216,548)	\$ (22,926,503)	29,145,192
Shares issued, private placement	9	100,000,000	7,500,000	-	-	-	-	7,500,000
Share issuance costs, private placement	8,9	-	(840,441)	215,886	-	-	-	(624,555)
Shares purchase warrants, private placement	9	-	(1,546,992)	1,546,992	-	-	-	-
Share based payments	8,9	-	-	-	308,264	-	-	308,264
Comprehensive loss for the year		-	-	-	-	11,153	(1,814,102)	(1,802,949)
Balance, March 31, 2020		407,173,804	\$ 46,701,357	\$ 8,704,851	\$ 7,065,744	\$ (3,205,395)	\$ (24,740,605)	34,525,952
Shares issued, private placements	9	175,000,000	18,125,000	-	-	-	-	18,125,000
Share issuance costs, private placements	8,9	-	(1,426,885)	354,215	-	-	-	(1,072,670)
Shares purchase warrants, private placements	9	-	(5,787,673)	5,787,673	-	-	-	-
Shares issued, finders' fee	9	666,666	50,000	-	-	-	-	50,000
Warrants exercised	9	5,411,983	818,747	(176,594)	-	-	-	642,153
Stock options exercised	9	600,000	141,420	-	(51,420)	-	-	90,000
Share based payments	8,9	-	-	-	616,721	-	-	616,721
Comprehensive loss for the year		-	-	-	-	(6,411)	(3,403,288)	(3,409,699)
Balance, March 31, 2021		588,852,453	\$ 58,621,966	\$ 14,670,145	\$ 7,631,045	\$ (3,211,806)	\$ (28,143,893)	49,567,457

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

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended March 31, 2021 and 2020

1. Corporate Information and Nature of Operations

Corporate Information

NuLegacy Gold Corporation (the “Company”) is a publicly listed entity on the TSX Venture Exchange (the “Exchange”) and incorporated under the laws of the Province of British Columbia. The Company’s principal business activity is the acquisition and exploration of mineral properties. Its principal mineral property interests are located in Nevada, USA.

The head office, principal address, and records office of the Company are located at 1055 West Hastings Street, Suite 300, Vancouver, British Columbia, Canada, V6E 2E9.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s mineral property interests are located outside of Canada and are subject to the risks associated with foreign investment, including increases in taxes and royalties, renegotiations of contracts, currency exchange fluctuations and political uncertainty. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Nature of Operations

The continuance of the Company’s operations is dependent on obtaining sufficient additional financing in order to realize the recoverability of the Company’s investments in exploration and evaluation assets, which is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. Management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur. The Company believes it has sufficient working capital to maintain operations for the next 12 months.

2. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

The consolidated financial statements of the Company and its subsidiary have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements, including the comparative amounts, were approved and authorized for issue by the Audit Committee and Board of Directors on July 27, 2021.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for cash and cash equivalents and other financial instruments classified as fair value through profit or loss and fair value through other comprehensive income that have been measured at fair value at the reporting date. The consolidated financial statements are presented in Canadian dollars, unless otherwise indicated.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, NuLegacy Gold N.V., which was incorporated in Nevada, USA. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company balances and transactions, including any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended March 31, 2021 and 2020

2. Significant Accounting Policies (continued)

Functional currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. The reporting currency of the Company is also the Canadian dollar.

Foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined.

Financial instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand. Cash and cash equivalents are classified as subsequently measured at amortized cost.

Trade receivables

These receivables are non-interest bearing and are recognized at face amount, except when fair value is materially different and are subsequently measured at amortized cost. Trade receivables recorded are net of lifetime expected credit losses.

Deposits

Deposits are classified as subsequently measured at amortized cost.

Investments in marketable equity securities

Investments in marketable equity securities are classified, at the Company's election, as subsequently measured at FVTOCI. For new investments in marketable equity securities, the Company can elect the same classification as subsequently measured at FVTOCI, or it can elect to classify an investment as at FVTPL. This election can be made on an investment-by-investment basis and is irrevocable. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the statement of financial position date.

When investments in marketable equity securities are disposed of, the cumulative gains and losses recognized in other comprehensive income (loss) are not recycled to profit or loss and remain within equity. Dividends are recognized in profit or loss and these investments are not assessed for impairment.

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended March 31, 2021 and 2020

2. Significant Accounting Policies (continued)

Trade payables

Trade payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables are subsequently measured at amortized cost.

Expected credit losses

For trade receivables, the Company applies the simplified approach to determining expected credit losses, which requires expected lifetime losses to be recognized upon initial recognition of the receivables.

Impairment

The Company recognizes an allowance using the Expected Credit Loss (“ECL”) model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

Equity

Equity instruments are classified 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 at the proceeds received, net of direct issue costs.

Mineral exploration, evaluation and development expenditure

(i) Pre-license costs:

Pre-license costs are expensed in the period in which they are incurred.

(ii) Exploration and evaluation costs:

Once the legal right to explore has been acquired, exploration and evaluation expenditure are charged to profit or loss as incurred, unless the Company concludes that a future economic benefit is more likely than not to be realized. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors. In evaluating if expenditures meet the criteria to be capitalized, several different sources of information are utilized. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation expenditure incurred on licences where a resource has not yet been established are expensed as incurred until sufficient evaluation has occurred in order to establish a resource. Costs expensed during this phase are included in ‘exploration expenditure’ in profit or loss.

Upon the establishment of a resource (at which point, the Company considers it probable that economic benefits will be realized), the Company capitalizes any further evaluation costs incurred for the particular licence to exploration and evaluation assets up to the point when a reserve is established. Once reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to ‘Mines under construction’. No amortization is charged during the exploration and evaluation phase.

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended March 31, 2021 and 2020

2. Significant Accounting Policies (continued)

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation for fixed assets is calculated using the straight line method over the following expected useful lives:

• Computer equipment	2 years
• Vehicles	5 years
• Leasehold improvements	5 years
• Equipment	5 years

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase and is recognized through other comprehensive income.

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended March 31, 2021 and 2020

2. Significant Accounting Policies (continued)

Share based payments

The Company operates equity-settled share-based remuneration plans (share options plans) for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. Occasionally, the Company issues warrants to brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless fair value cannot be reasonably estimated reliably. Where employees are rewarded using share-based payments, the fair value of the services rendered by the employees or a consultant providing similar services as employees is determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

No adjustment is made to any expense recognized in the prior period if the number of share options ultimately exercised is different from that estimated on vesting. Share-based payments incorporate an expected forfeiture rate.

All equity-settled share-based payments under equity-settled share-based payment plans, except warrants to brokers, are ultimately recognized as an expense in profit or loss with a corresponding credit to the contributed surplus reserve, in equity. At the same time, upon exercise of a share option, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in the contributed surplus reserve are then transferred to share capital. Warrants issued to brokers are recognized as an issuance cost of equity instruments with a corresponding credit to the warrants reserve, in equity.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 in respect of 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 for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended March 31, 2021 and 2020

2. Significant Accounting Policies (continued)

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, 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.

Comprehensive loss

Comprehensive loss 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 unrealized gains or losses on investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss and components of other comprehensive loss are presented in the consolidated statements of comprehensive loss and the consolidated statements of changes in equity.

Warrants

Share issuances during the year that include a warrant have been bifurcated into a share and warrant component for accounting purposes. The unit price is allocated to common shares and warrants based on their relative fair values. The fair value of common shares is the market price on the date of issue and the fair value of warrants is determined using the Black-Scholes Option Pricing Model. Because the Black-Scholes Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate. The warrant component is recorded as a separate line item in equity and is reclassified to share capital when exercised.

Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share based compensation and income taxes.

Critical judgments exercised in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are as follows:

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended March 31, 2021 and 2020

2. Significant Accounting Policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

- (a) Economic recoverability and probability of future economic benefits of exploration and evaluation assets:

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

- (a) Valuation of share based payments and warrants:

The Company uses the Black-Scholes Option Pricing Model for valuation of share based compensation and for the valuation of warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and share option reserves.

- (b) Recovery of deferred tax assets:

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

New interpretations and amendments not yet adopted

A number of interpretations are not yet effective for the year ended March 31, 2021 and have not been applied in preparing these consolidated financial statements. The following new interpretations and amendments have been issued, but are not yet effective until financial years beginning on or after January 1, 2021 and may impact the company in the future:

IFRS 9 Financial Instruments

- Annual improvements to IFRS Standards 2018-2020

IAS 1 Presentation of Financial Statements

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1); incorporates Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- Disclosure of Accounting Policies (Amendments to IAS 1)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

- Definition of Accounting Estimates (Amendments to IAS 8)

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended March 31, 2021 and 2020

3. Investments

The fair value of GRIT common shares as at March 31, 2021 was \$90,792 (2020 – \$98,895). During the year ended March 31, 2021, the Company recorded a revaluation reserve loss on the investment of \$6,411 (2020 – gain of \$11,153) and an unrealized foreign exchange loss of \$1,692 (2020 – gain of \$4,819).

There is a 3% finder's fee payable on the net proceeds from the future sale of the GRIT shares.

4. Deposits

	March 31, 2021		March 31, 2020	
Credit card collateral	\$	60,497	\$	64,205
Reclamation bonds		535,860		604,552
Security deposits		4,845		6,195
	\$	601,202	\$	674,952

5. Fixed Assets

	Computers		Vehicles		Equipment		Leasehold Improvements		Total	
Cost										
As at March 31, 2019		214,555		158,132		64,093		29,509		466,289
Additions		20,888		67,437		-		-		88,325
Disposals during the year		-		(76,667)		-		-		(76,667)
As at March 31, 2020		235,443		148,902		64,093		29,509		477,947
Additions		47,597		238,377		60,118		-		346,092
As at March 31, 2021	\$	283,040	\$	387,279	\$	124,211	\$	29,509	\$	824,039
Accumulated depreciation										
As at March 31, 2019		180,618		73,823		21,600		10,328		286,369
Charge for the year		32,539		23,345		12,819		5,902		74,605
Disposals during the year		-		(39,291)		-		-		(39,291)
As at March 31, 2020		213,157		57,877		34,419		16,230		321,683
Charge for the year		24,503		37,726		13,821		5,902		81,952
As at March 31, 2021	\$	237,660	\$	95,603	\$	48,240	\$	22,132	\$	403,635
Net book value										
As at March 31, 2020	\$	22,286	\$	91,025	\$	29,674	\$	13,279	\$	156,264
As at March 31, 2021	\$	45,380	\$	291,676	\$	75,971	\$	7,377	\$	420,404

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6. Exploration and Evaluation Assets

	Red Hill Properties			
	Iceberg Property	Wilson Property	Coal Canyon	Total
Balance March 31, 2019	\$ 24,155,172	\$ 1,720,879	\$ 21,380	\$ 25,897,431
Acquisition	-	19,752	-	19,752
Assays	105,409	-	-	105,409
Drilling	751,700	-	-	751,700
Geological consulting and salaries	955,731	22,956	-	978,687
Geophysics	104,716	-	-	104,716
Miscellaneous	83,352	223	-	83,575
Property maintenance	190,190	112,127	14,898	317,215
Travel and vehicle	149,075	-	-	149,075
Total Additions	\$ 2,340,173	\$ 155,058	\$ 14,898	\$ 2,510,129
Balance March 31, 2020	\$ 26,495,345	\$ 1,875,937	\$ 36,278	\$ 28,407,560
Acquisition	-	-	-	-
Assays	182,937	-	-	182,937
Drilling	2,768,650	-	-	2,768,650
Geological consulting and salaries	1,106,465	-	-	1,106,465
Geophysics	261,243	-	-	261,243
Miscellaneous	152,331	-	-	152,331
Property maintenance	193,973	133,650	15,209	342,832
Travel and vehicle	94,338	-	-	94,338
Total Additions	\$ 4,759,937	\$ 133,650	\$ 15,209	\$ 4,908,796
Balance March 31, 2021	\$ 31,255,282	\$ 2,009,587	\$ 51,487	\$ 33,316,356

Eureka County, Nevada*Iceberg Property*

On September 16, 2010 (later amended on August 23, 2012), the Company entered into an exploration agreement with a joint venture election and option to purchase from Barrick Gold Exploration Inc. ("Barrick") a 70% undivided interest in 818 unpatented mining claims in the Iceberg Property located in Eureka County, Nevada, U.S.A. Under the amended agreement, the Company had to incur a minimum of US\$5,000,000 in exploration or development expenditures on the Iceberg Property (inclusive of maintenance fees) by December 31, 2015. In September 2015, the Company completed this US\$5,000,000 expenditure requirement and earned its 70% undivided interest in the property.

In February 2016, the Company entered into an exchange agreement with Barrick to acquire their 30% interest in the property. Pursuant to the terms of the exchange agreement, the Company issued 32,000,000 common shares to Barrick and granted a 2% net profits interest royalty from commercial production on the property. As a result of this transaction, the Company increased its working interest in the Iceberg Property to 100%.

Wilson Property

On October 18, 2010, the Company entered into a mining lease ("Lease") with Idaho Resources Corp. ("Idaho"), in which Idaho granted to the Company exclusive possession and control to explore, develop, mine and operate on the Idaho Property, which consists of 482 unpatented mining claims.

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

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6. Exploration and Evaluation Assets (continued)

On November 7, 2012 (later amended in January 2016), the Company entered into a restated mining lease whereby future requirements for exploration expenditures were eliminated. In order to maintain the Lease, the Company had to make the following annual advance royalty payments:

- US\$75,000 of annual payments and issue 200,000 shares prior to execution of the restated mining lease (paid and issued);
- US\$25,000 payment and issue 100,000 shares on January 1, 2014 and January 1, 2015 (paid and issued); and
- US\$12,500 payment on January 1st, April 1st, July 1st and October 1st of all succeeding years (paid for the 2017 calendar year).

On July 9, 2017, the Company amended the agreement with Idaho. The quarterly payments of US\$12,500 due each year have been replaced with one annual payment of US\$15,000 due on January 1 of each year commencing on January 1, 2018 (paid). The amendment also includes a minimum exploration or development expenditure requirement of US\$150,000 each calendar year commencing in 2018 and in all succeeding calendar years until commercial production commences.

After an initial term of 10 years, ending on September 1, 2020, the Lease will continue in full force and effect provided that the Company continues to maintain the property in good standing and make the requisite annual cash payments to Idaho. Upon commencement of commercial production, the annual cash payments will convert to an overriding royalty of 3% of the applicable royalty base on all gold, silver and other ores/metals from the property.

Coal Canyon

Sixty-four lode mining claims contiguous to the western margin of the Vio area were staked September 1, 2018 to control a highly prospective area. The Coal Canyon claims contain both Carlin-type and epithermal-type targets.

7. Trade and Other Payables

	March 31, 2021	March 31, 2020
Trade payables and accruals	\$ 631,776	\$ 118,522
Related party payables	16,224	34,716
	\$ 648,000	\$ 153,238

8. Related Party Transactions

During the year ended March 31, 2021, the Company entered into the following transactions with related parties, not disclosed elsewhere in these consolidated financial statements:

- Paid or incurred management fees of \$240,000 (2020 - \$255,000) and office costs of \$14,400 (2020 - \$14,400) to an officer and director of NuLegacy. As at March 31, 2021, \$478 (2020 - \$770) was included in trade and other payables for reimbursement of expenses.
- Paid or incurred management fees of \$Nil (2020 - \$90,000) and office costs of \$Nil (2020 - \$1,000) to a former CEO and director of NuLegacy.
- Paid or incurred consulting fees of \$36,336 (2020 - \$17,306) capitalized to exploration and evaluation assets to a director and former CGO of NuLegacy.

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended March 31, 2021 and 2020

8. Related Party Transactions (continued)

- Paid or incurred management fees of \$186,640 (2020 - \$175,200) and office costs of \$1,760 (2020 - \$13,200) paid to an officer of the NuLegacy. As at March 31, 2021, \$Nil (2019 - \$1,175) was included in trade and other payables for reimbursement of expenses
- Paid or incurred professional fees of \$79,924 (2020 - \$76,988) and share issuance costs of \$93,540 (2020 - \$79,181) to a company controlled by an officer of the Company. As at March 31, 2021, \$2,145 (2020 - \$8,996) was included in trade and other payables owing to this company for accrued professional fees.
- Incurred consulting fees of \$110,568 (2020 - \$131,016) to a director of NuLegacy. As at March 31, 2021, \$8,497 (2020 - \$9,785) was included in trade and other payables for accrued professional fees.
- Incurred consulting fees of \$90,000 (2020 - \$22,500) to a director of NuLegacy.

All related party amounts were incurred in the normal course of operations, bear no interest and have no fixed terms of repayment.

Summary of key management personnel compensation:

	Year ended March 31,	
	2021	2020
Exploration and evaluation assets	\$ 36,336	\$ 17,306
Consulting	200,568	153,516
Directors' fees	60,000	15,000
Management fees	426,640	520,200
Office	16,160	28,600
Professional fees	79,924	76,988
Share issuance costs	93,540	79,181
Share based payments	283,943	252,677
	\$ 1,197,111	\$ 1,143,468

NULEGACY GOLD CORPORATION

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For the years ended March 31, 2021 and 2020

9. Share Capital and Reserves**Authorized Share Capital - Unlimited common shares without par value****Issued Share Capital**

	Shares	Share capital	Share issue costs	Share capital (net)
Balance, March 31, 2019	307,173,804	\$ 43,171,911	\$ 1,583,121	\$ 41,588,790
Private placement	100,000,000	5,953,008	840,441	5,112,567
Balance, March 31, 2020	407,173,804	49,124,919	2,423,562	46,701,357
Private placement	175,666,666	12,387,327	1,426,885	10,960,442
Warrants exercised	5,411,983	818,747	-	818,747
Stock options exercised	600,000	141,420	-	141,420
Balance, March 31, 2021	588,852,453	\$ 62,472,413	\$ 3,850,447	\$ 58,621,966

- i. During the year ended March 31, 2021, a total of 5,411,983 share purchase warrants were exercised for gross proceeds of \$642,153. As a result, the Company transferred \$176,594 from warrants reserve to share capital.
- ii. During the year ended March 31, 2021, a total of 600,000 stock options were exercised for gross proceeds of \$90,000. As a result, the Company transferred \$51,420 from share options reserve to share capital.
- iii. On January 19, 2021, the Company completed a non-brokered private placement of 100,000,000 units (the "Units") at a price of \$0.125 per unit for aggregate gross proceeds of \$12,500,000. Each Unit consists of one common share and one common share purchase warrant (each full warrant, a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.20 for a period of 36 months following the closing. The fair value attributable to these share purchase warrants was \$4,599,663. The Company paid the agents a cash commission of \$588,120 and issued 2,810,160 broker warrants (valued at \$196,333). Each broker warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 for a period of 36 months following closing. In addition, the Company also incurred additional share issuance costs of \$112,468.
- iv. On May 29, 2020, the Company completed a non-brokered private placement of 75,000,000 units (the "Units") at a price of \$0.075 per unit for aggregate gross proceeds of \$5,625,000. Each Unit consists of one common share and one-half of one common share purchase warrant (each full warrant, a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.125 for a period of 24 months following the closing. The fair value attributable to these share purchase warrants was \$1,188,010. The Company paid the agents a cash commission of \$247,964, issued 2,941,520 broker warrants (valued at \$141,813) and issued 666,666 common shares to brokers (valued at \$50,000). Each broker warrant entitles the holder to purchase one common share of the Company at a price of \$0.125 for a period of 24 months following closing. In addition, the Company also incurred additional share issuance costs of \$90,188.
- v. On October 8, 2019, the Company completed a marketed private placement of 100,000,000 units (the "Units") at a price of \$0.075 per unit for aggregate gross proceeds of \$7,500,000. Each Unit consists of one common share and one-half of one common share purchase warrant (each full warrant, a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.12 for a period of 36 months following the closing. The fair value attributable to these share purchase warrants was \$1,546,992. The Company paid the agents a cash commission of \$474,509 and issued 5,259,957 broker warrants (valued at \$215,886). Each broker warrant entitles the holder to purchase one common share of the Company at a price of \$0.075 for a period of 36 months following closing. In addition, the Company also incurred share issue costs of \$150,046.

NULEGACY GOLD CORPORATION

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended March 31, 2021 and 2020

9. Share Capital and Reserves (continued)**Warrants**

A summary of the warrant activities is as follows:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2019	12,775,008	\$ 0.30
Issued	55,259,957	0.12
Balance, March 31, 2020	68,034,965	\$ 0.15
Issued	143,585,013	0.18
Exercised	(5,411,983)	0.12
Expired	(12,775,008)	0.30
Balance, March 31, 2021	193,432,987	\$ 0.16

The following share purchase warrants were outstanding as at March 31, 2021:

Expiry date	Number of warrants	Exercise price (\$)	Remaining contractual life (years)
October 8, 2022	45,342,117	0.12	1.52
October 8, 2022	5,038,857	0.075	1.52
May 29, 2022	40,251,853	0.125	1.16
January 19, 2024	102,810,160	0.20	2.81
	193,432,987	0.16	2.13

The weighted average life of warrants outstanding at March 31, 2021 is 2.13 years.

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9. Share Capital and Reserves (continued)

Stock Options

The Company has a fixed stock-based compensation plan (the "Plan") providing for the grant of stock options to purchase a maximum of 45,000,000 common shares to eligible recipients.

During the year ended March 31, 2021:

- a. In April 2020, the Company granted 7,000,000 stock options exercisable at \$0.10 per share to employees, directors and consultants of the Company. The fair value attributable to these stock options was \$292,035 using the Black Scholes option pricing model of which \$265,335 was expensed during the year.
- b. In May 2020, the Company granted 1,500,000 stock options exercisable at \$0.10 per share to a consultant of the Company. The fair value attributable to these stock options was \$81,607 using the Black Scholes option pricing model of which \$59,676 was expensed during the year.
- c. In June 2020, the Company granted 450,000 stock options exercisable at \$0.10 per share to an employee of the Company. The fair value attributable to these stock options was \$26,636 using the Black Scholes option pricing model of which \$18,309 was expensed during the year.
- d. In February 2021, the Company granted 7,525,000 stock options exercisable at \$0.15 per share to a director of the Company. The fair value attributable to these stock options was \$807,223 using the Black Scholes option pricing model of which \$117,565 was expensed during the year.
- e. In February 2021, the Company granted 575,000 stock options exercisable at \$0.15 per share to employees and consultants of the Company. The fair value attributable to these stock options was \$55,389 using the Black Scholes option pricing model of which \$5,557 was expensed during the year.

During the year ended March 31, 2020:

- f. In August 2019, the Company granted 5,675,000 stock options exercisable at \$0.10 per share to a employees, directors and consultants of the Company. The fair value attributable to these stock options was \$238,532 using the Black Scholes option pricing model of which \$139,043 was expensed during the year.
- g. In October 2019, the Company granted 1,000,000 stock options exercisable at \$0.10 per share to a director of the Company. The fair value attributable to these stock options was \$46,407 using the Black Scholes option pricing model of which \$22,728 was expensed during the year
- h. In January 2020, the Company granted 750,000 stock options exercisable at \$0.10 per share to an employee of the Company. The fair value attributable to these stock options was \$37,579 using the Black Scholes option pricing model of which \$8,156 was expensed during the year.

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with assumptions for grants as follows:

	Year ended March 31,	
	2021	2020
Risk-free interest rate	0.37% to 0.73%	1.21% to 1.53%
Expected life	5.0	5.0
Annualized volatility	103.83% to 106.16%	103.31% to 104.86%
Dividend rate	-	-
Grant date fair value	\$ 0.06 to 0.145	\$ 0.042 to \$0.050

NULEGACY GOLD CORPORATION

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9. Share Capital and Reserves (continued)**Stock Options (continued)**

A summary of the stock options activities is as follows:

	Number of options	Weighted average exercise price
Balance, March 31, 2019	28,525,000	\$ 0.21
Granted	7,425,000	0.10
Forfeited	(1,050,000)	0.22
Expired	(1,450,000)	0.15
Balance, March 31, 2020	33,450,000	\$ 0.20
Granted	17,050,000	0.12
Exercised	(600,000)	0.15
Forfeited	(625,000)	0.10
Expired	(6,500,000)	0.15
Balance, March 31, 2021	42,775,000	\$ 0.18

The following table summarizes information about the options outstanding and exercisable at March 31, 2021:

Options outstanding	Options exercisable	Exercise price	Remaining contractual life (years)
925,000	925,000	0.15	0.08
700,000	700,000	0.30	0.18
400,000	400,000	0.31	0.30
300,000	300,000	0.27	0.42
535,000	535,000	0.40	0.48
750,000	750,000	0.325	0.62
2,710,000	2,710,000	0.325	0.65
750,000	750,000	0.325	0.82
150,000	150,000	0.325	0.88
150,000	150,000	0.325	0.96
350,000	350,000	0.325	1.17
100,000	100,000	0.250	1.38
8,655,000	8,655,000	0.235	1.45
500,000	500,000	0.235	1.64
200,000	200,000	0.20	1.87
750,000	750,000	0.200	2.20
600,000	600,000	0.200	2.17
650,000	650,000	0.20	2.42
5,425,000	4,068,750	0.10	3.39
1,000,000	500,000	0.10	3.53
375,000	375,000	0.10	3.80
6,750,000	3,500,000	0.10	4.04
1,500,000	375,000	0.10	4.12
450,000	180,000	0.10	4.21
7,525,000	-	0.15	4.86
575,000	-	0.15	4.91
42,775,000	28,173,750		

The weighted average life of stock options outstanding at March 31, 2021 is 2.81 years.

Loss per share

The effect of dilutive securities including options and warrants has not been shown as the effect of all such securities is anti-dilutive.

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10. Segmented Information

Operating segment:

The Company operated in one operating segment, which is mineral exploration in the United States.

Geographic segments:

The Company operates in two geographic segments: Canada and the United States.

	March 31, 2021	March 31, 2020
Non-current assets		
Canada	\$ 85,644	\$ 84,286
United States	34,252,318	29,154,490
	\$ 34,337,962	\$ 29,238,776

11. Financial Instruments and Risk Management

Fair values

The Company has the following financial instruments carried at fair value:

Financial Assets	Financial instrument classification	Fair Value	
		March 31, 2021	March 31, 2020
GRIT common shares	FVTOCI	90,792	98,895
		\$ 90,792	\$ 98,895

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs have a significant effect on the recorded fair value that are not observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments measured at fair value use level 1 valuation techniques in each period, being the closing bid price of the shares as quoted on a public exchange, or, where not quoted, as determined by the share of fair values of the underlying net assets of the investee.

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at March 31, 2021:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
GRIT common shares	90,792	-	-	90,792
	\$ 90,792	\$ -	\$ -	\$ 90,792

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11. Financial Instruments and Risk Management (continued)

Financial Risk Management (continued)

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at March 31, 2020:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
GRIT common shares	98,895	-	-	98,895
	\$ 98,895	\$ -	\$ -	\$ 98,895

There were no transfers between levels of the fair value hierarchy during the year.

The aggregate fair value of investments with unrealized losses is:

	Fair Value	Unrealized Gain (Loss)
As at March 31, 2021		
GRIT common share	\$ 90,792	\$ (6,411)
As at March 31, 2020		
GRIT common shares	\$ 98,895	\$ 11,153

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk related to these amounts is nominal.

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11. Financial Instruments and Risk Management (continued)

Financial Risk Management (continued)

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation. Management typically forecasts cash flows for a period of six to twelve months to identify financing requirements. These requirements are then addressed primarily through access to capital markets. All of the Company's financial liabilities mature within one year.

(iii) Interest rate risk:

Interest rate risk is the risk of financial loss to the Company if market rates of interest were to change adversely. The Company's exposure to interest rate risk is not material.

(iv) Foreign currency risk:

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. While the Company's parent is Canadian and its capital is raised in Canadian dollars, the Company conducts business outside of Canada. As such, it is subject to risk due to fluctuations in the exchange rates for the United States dollar and Euros. As at March 31, 2021, the Company has cash denominated in US dollars of \$12,185,470 (2020 - \$3,490,096), deposits in US dollars of \$449,131 (2020 - \$449,131) and trade and other payables in US dollars of \$485,601 (2020 - \$37,747). Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately USD \$121,490 (2020 – USD \$39,015).

(v) Other price risk:

Other price risk is the risk that changes in market prices including commodity or equity prices will have an effect on future cash flows associated with financial instruments. The equity price risk associated with the Company's current investment primarily relates to the change in the market prices of this investment. As at March 31, 2021, the Company owned 1,904,320 (2020 – 1,904,320) GRIT common shares with each common share valued at £0.03 or \$0.05 (2020 - £0.03 or \$0.05). Each £0.01 change in the value per common share will result in a gain/loss of approximately £19,043 or \$33,523 (2019 - £19,043 or \$33,169).

12. Capital Disclosure and Management

The Company's capital management policy is to maintain a strong, but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of \$49,567,457 (2020 - \$34,525,952). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and projected debt levels. The Company is not subject to externally imposed capital requirements other than as noted above. There were no changes to the Company's approach to capital management during the year ended March 31, 2021.

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13. Income Tax

A reconciliation of the provision for income taxes is as follows:

	March 31, 2021	March 31, 2020
Net loss before income tax	\$ (3,408,288)	\$ (1,814,102)
Combined effective statutory rate	24.42%	27.00%
Expected income tax recovery at statutory tax rates	\$ (830,954)	\$ (489,808)
Non-deductible expenses and other items	(294,601)	(272,710)
Unrecognized benefit of non-capital losses	1,125,555	762,518
Income tax recovery	\$ -	\$ -

The Company's deferred tax assets and liabilities are:

	March 31, 2021	March 31, 2020
Share issuance costs and other	\$ 1,218,890	\$ 3,738,070
Equipment	98,658	98,849
Exploration and evaluation assets	(25,362,234)	(20,711,497)
Tax loss carry-forwards	27,665,333	24,149,796
Total unrecognized deferred tax assets	\$ 3,620,647	\$ 7,275,218

At March 31, 2021, the Company has Canadian unrecognized losses for income tax purposes of approximately \$13,819,000 (2020 - \$12,086,000) and US\$11,011,000 (2020 - US\$8,642,000) which may be used to offset taxable incomes of future years. If unused, these losses will expire as follows:

	Canadian\$	US\$
2029	280,000	-
2030	465,000	-
2031	240,000	-
2032	1,088,000	127,000
2033	1,178,000	3,446,000
2034	743,000	52,000
2035	567,000	-
2036	279,000	983,000
2037	1,661,000	781,000
2038	1,694,000	1,411,000
2039	2,181,000	918,000
2040	1,710,000	924,000
2041	1,733,000	2,369,000
	13,819,000	11,011,000

In assessing the Company's ability to utilize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are or become deductible or during the periods before expiry of the loss carry forwards. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which tax assets are deductible, management currently believes it is probable that the benefits of the deferred tax assets will not be realized.

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14. Impact of Coronavirus (COVID-19)

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). We continue to operate our business forward at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations, including the duration and impact on our future plans, cannot be reasonably estimated at this time and we anticipate this could have an adverse impact on our business, results of operations, financial position, and cash flows in 2021.