

Trifecta Gold Ltd.
Financial Statements
December 31, 2020
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Trifecta Gold Ltd.

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

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

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

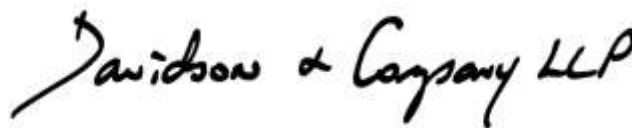
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

February 25, 2021

Trifecta Gold Ltd.**Statements of Financial Position****As at December 31, 2020 and December 31, 2019**

	Note	December 31, 2020 \$	December 31, 2019 \$
Assets			
Current assets			
Cash and cash equivalents	3	715,153	92,561
Receivables and prepayments	4	11,726	8,106
		726,879	100,667
Non-current assets			
Reclamation bond	6(e)	47,227	-
Mineral property interests	6	2,383,002	1,907,424
Total assets		3,157,108	2,008,091
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		21,661	15,446
Accounts payable to related parties	9	72,508	10,670
Total liabilities		94,169	26,116
Shareholders' equity			
Share capital	7	5,348,691	4,031,310
Contributed surplus	7	238,593	276,449
Deficit		(2,524,345)	(2,325,784)
Total shareholders' equity		3,062,939	1,981,975
Total liabilities and shareholders' equity		3,157,108	2,008,091

Nature of operations and going concern	1
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Approved on behalf of the Board of Directors on February 25, 2021:

"Bruce J. Kenway"

Director

"Graham Downs"

Director

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

Trifecta Gold Ltd.**Statements of Changes in Shareholders' Equity**

For the years ended December 31, 2020 and December 31, 2019

	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
January 1, 2019	35,317,857	3,935,310	310,802	(1,817,876)	2,428,236
Common shares issued for mineral properties	300,000	9,000	-	-	9,000
Common shares issued to settle debt	200,000	12,000	-	-	12,000
Common shares issued for severance	1,500,000	75,000	-	-	75,000
Re-allocated on cancellation of options	-	-	(34,353)	34,353	-
Loss and comprehensive loss for the year	-	-	-	(542,261)	(542,261)
December 31, 2019	37,317,857	4,031,310	276,449	(2,325,784)	1,981,975
January 1, 2020	37,317,857	4,031,310	276,449	(2,325,784)	1,981,975
Common shares/units issued for cash	15,571,429	910,000	-	-	910,000
Share issue costs - cash	-	(32,733)	-	-	(32,733)
Common shares issued for mineral properties	4,997,611	374,821	-	-	374,821
Re-allocated on expiration of warrants	-	65,293	(65,293)	-	-
Re-allocated on cancellation of options	-	-	(11,452)	11,452	-
Share-based payments	-	-	38,889	-	38,889
Loss and comprehensive loss for the year	-	-	-	(210,013)	(210,013)
December 31, 2020	57,886,897	5,348,691	238,593	(2,524,345)	3,062,939

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

Trifecta Gold Ltd.**Statements of Loss and Comprehensive Loss****For the years ended December 31, 2020 and December 31, 2019**

		December 31, 2020	December 31, 2019
	Note	\$	\$
Expenses			
Administration expenses		10,887	13,351
Insurance		9,667	14,796
Investor relations and shareholder information		8,335	21,950
Management, administrative and corporate development fees	9	32,394	4,148
Management, administrative and corporate development salaries	9	-	174,850
Office rent	9	18,000	21,000
Professional fees	9	77,972	55,614
Share-based payments	7,9	38,889	-
Transfer agent and filing fees		12,251	12,004
Loss from operating expenses		(208,395)	(317,713)
Interest income		1,395	2,468
Foreign exchange loss		(3,013)	-
Mineral property write-offs	6(d)(i)	-	(36,046)
Loss on marketable securities	5	-	(7,030)
Loss on sale of mineral property interests	6	-	(183,940)
Loss and comprehensive loss for the year		(210,013)	(542,261)
Loss per share			
Weighted average number of common shares outstanding			
- basic #	8	44,985,217	36,490,734
- diluted #	8	44,985,217	36,490,734
Basic loss per share \$	8	(0.00)	(0.01)
Diluted loss per share \$	8	(0.00)	(0.01)

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

Trifecta Gold Ltd.**Statements of Cash Flows****For the years ended December 31, 2020 and December 31, 2019**

		December 31, 2020	December 31, 2019
	Note	\$	\$
Operating activities			
Loss for the year		(210,013)	(542,261)
Mineral property write-offs		-	36,046
Share-based payments		38,889	-
Loss on marketable securities		-	7,030
Loss on sale of mineral properties		-	183,940
Shares issued for severance		-	75,000
Interest income		(1,395)	(2,468)
Net change in non-cash working capital items	11	9,749	(13,856)
		(162,770)	(256,569)
Financing activities			
Shares/units issued for cash		910,000	-
Share issue costs		(32,733)	(8,500)
		877,267	(8,500)
Investing activities			
Interest received		1,395	2,468
Proceeds from sale of mineral property interests	6(d)(ii)	-	100,000
Proceeds from sale of marketable securities	5	-	30,470
Purchase of reclamation bond	6(e)	(47,227)	-
Mineral property acquisition costs		(17,787)	(14,335)
Deferred exploration and evaluation expenditures		(28,286)	(102,466)
		(91,905)	16,137
Net increase (decrease) in cash and cash equivalents		622,592	(248,932)
Cash and cash equivalents, beginning of year		92,561	341,493
Cash and cash equivalents, end of year		715,153	92,561

Supplemental cash flow information

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

Trifecta Gold Ltd.

Notes to the Financial Statements

For the years ended December 31, 2020 and December 31, 2019

1. Nature of operations and going concern

Trifecta Gold Ltd. (the "Company" or "Trifecta") was incorporated on October 4, 2016 under the laws of the Province of British Columbia, Canada and was registered extra-territorially in the Yukon Territory on January 6, 2017. The Company's head office is located at 1016 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. The Company was a wholly-owned subsidiary of Strategic Metals Ltd. ("Strategic"), until June 9, 2017, at which time Strategic's ownership position was reduced to approximately 9.19% through a Plan of Arrangement, which concluded with each Strategic shareholder receiving one Trifecta common share for every four and one-half Strategic common shares they owned as of May 31, 2017. The Company was listed on the TSX Venture Exchange ("TSX-V") on June 15, 2017.

The Company's principal business activity is the acquisition, exploration and evaluation of mineral properties. The Company has been exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interests. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

These financial statements (the "financial statements") are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company does not have revenues and has incurred operating losses since incorporation. As at December 31, 2020, the Company had working capital of \$632,710 (December 31, 2019 – \$74,551), and shareholders' equity of \$3,062,939 (December 31, 2019 - \$1,981,975). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

In March 2020, there was a global outbreak of COVID-19 which has had a significant impact on businesses through the restrictions put in place by the American, Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's ability to raise capital or conduct exploration activities. There are travel restrictions and health and safety concerns in all areas in which the Company operates, including the Yukon Territory, Canada and Nevada, USA, that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services and safeguarding all personnel during the outbreak, which may be prohibitive or too costly. To date, the Company has not experienced any significant delays in carrying out its operations, and to date, the restricted nature of the Company's activities has not qualified it for the various Government wage and loan subsidies.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company.

2. Significant accounting policies (continued)**(b) New accounting policies**

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2021. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

(c) Financial instruments

The Company classifies its financial instruments in the following categories: as FVTPL, financial assets at amortized cost and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Non-derivative financial assets and liabilities**Recognition**

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities using the following measurement categories:

- (a) Those to be measured subsequently at fair value (either through other comprehensive income (loss) or through profit or loss); and
- (b) Those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

When the Company holds marketable securities, they are classified as FVTPL. Marketable securities held in companies with an active market are classified as current assets at fair value. Marketable securities held in non-public companies without an active market are classified as non-current assets and are valued at fair value. In situations where fair value is indeterminable or impracticable to determine, the shares are recorded at cost. This may occur when non-public company shares are received as payment for mineral property interests. In such situations cost is determined by reference to the issue price of similar shares issued by the non-public entity for cash, at or near the time of issue of the investment shares, and in similar volumes. When, at future measurement dates fair value is still indeterminable, or impracticable, cost is used as the measure of fair value. When there is evidence of impairment the shares are written-down to expected realizable value.

Cash and cash equivalents and reclamation bond are classified as FVTPL and are accounted for at fair value.

2. Significant accounting policies (continued)**(c) Financial instruments (continued)****(ii) Derivative financial assets**

Warrants are classified as derivative financial assets and are recorded at FVTPL. Warrants without an active market that are received as attachments to common share units are initially recorded at nominal amounts. At the time of purchase the total unit cost is allocated in full to each common share. Subsequent value is determined at measurement date using a valuation technique, such as the Black-Scholes option pricing model, or when the valuation technique input variables are not reliable, using the intrinsic value, which is equal to the higher of the market value of the underlying security, less the exercise price of the warrant, or zero. The Company does not own any warrants as at December 31, 2020 and 2019.

(iii) Other financial liabilities

The Company has the following other financial liabilities: accounts payable and accrued liabilities, and accounts payable to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded to profit or loss.

(d) Mineral property interests

The acquisition costs of mineral property interests and any subsequent exploration and evaluation costs are capitalized until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Exploration and evaluation costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred as property examination costs. Mineral property interests that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

The acquisition costs include the cash consideration paid and the fair value of any shares issued for mineral property interests being acquired or optioned pursuant to the terms of relevant agreements.

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transaction takes place. No initial value is assigned to any retained royalty interest. The royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Management reviews its mineral property interests at each reporting period for signs of impairment and annually after each exploration season to consider if there is impairment in value taking into consideration current year exploration results and management's assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned or inactive for a prolonged period, or considered to have no future economic potential, the acquisition and deferred exploration and evaluation costs are written-off to profit or loss.

Once an economically viable resource has been determined for an area and the decision to proceed with development has been approved, mineral property interests attributable to that area are first tested for impairment and then reclassified to property and equipment. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. Should a project be put into production, the costs of acquisition, exploration and evaluation will be amortized over the life of the project based on estimated economic reserves. If the carrying value of a project exceeds its estimated net realizable value or value in use, an impairment provision is recorded.

When entitled, the Company records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Company is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

2. Significant accounting policies (continued)**(e) Impairment****(i) Financial assets**

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as of the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

(ii) Non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the CGU level, which 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. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. The Company's mineral property interest impairment policy is more specifically discussed in note 2(d) above.

(f) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(g) Flow-through share private placements

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares at the date the private placement is announced. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The loss of the tax benefit is recorded as a deferred income tax liability and eliminates the original flow-through share premium liability, with the difference, if any, recorded as a deferred income tax expense. In instances where the Company has unused temporary income tax benefits, or unused non-capital losses or tax credits available to offset the deferred income tax liability, the realization of these income tax benefits is shown as a recovery in profit or loss in the period the deferred income tax liability is recorded.

The deferred income tax liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditures are completed and renounced to the flow-through shareholders.

2. Significant accounting policies (continued)**(h) Share-based payment transactions**

The Company has a stock option plan that provides for the granting of options to Officers, Directors, related company employees and consultants to acquire shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in contributed surplus as the options vest.

Options granted to employees and others providing similar services are measured at the grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Over the vesting period, share-based payments are recorded as a general and administrative expense and as contributed surplus. When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as contributed surplus are transferred to share capital. When an option is cancelled or expires, the initial recorded value is reversed from contributed surplus and credited to deficit.

(i) Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted at each reporting date for the unwinding of the discount rate, for changes to the current market-based discount rate, and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no known restoration, rehabilitation or environmental costs, of any significance, related to its mineral property interests.

(j) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income 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.

2. Significant accounting policies (continued)**(j) Income taxes (continued)**

Deferred income 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 income 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 income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

(k) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion proves to be anti-dilutive.

(l) Use of estimates and critical judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

- (i) Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of the shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the claims under option or sale. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.
- (ii) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainty and requires the Company to assess the value of non-flow through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.
- (iii) The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

Judgments

- (i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its mineral property interests for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Trifecta Gold Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2020 and December 31, 2019

2. Significant accounting policies (continued)**(I) Use of estimates and critical judgments (continued)****Judgments (continued)**

- (ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	December 31, 2020	December 31, 2019
	\$	\$
Bank and broker balances	214,057	92,561
Cashable investment certificates	501,096	-
	715,153	92,561

4. Receivables and prepayments

Receivables and prepayments consist of the following:

	December 31, 2020	December 31, 2019
	\$	\$
Prepaid expenses	8,771	5,688
Sales tax recoverable	2,955	2,418
	11,726	8,106

5. Marketable securities

Marketable securities consisted of common shares received on the option of mineral property interests as follows:

	Cost	Fair value	(Loss) gain
	\$	\$	\$
January 1, 2019	53,750	37,500	
Proceeds on sale	(30,470)	-	
Cost of disposals	-	(53,750)	
Realized loss on sale	(23,280)	-	(23,280)
Unrealized gain for the year	-	16,250	16,250
December 31, 2019	-	-	(7,030)
January 1, 2020 and December 31, 2020	-	-	-

The fair value of the marketable securities was based on the bid price of the shares on the TSX-V at each period end.

Trifecta Gold Ltd.

Notes to the Financial Statements

For the years ended December 31, 2020 and December 31, 2019

6. Mineral property interests

The Company's mineral property interests consist of exploration stage properties located in Canada (Yukon Territory and British Columbia) and the United States (Nevada). The properties have been grouped into those which are wholly-owned projects, wholly-owned and under option, projects under option from other parties and others. Properties which are in close proximity and could be developed as a single economic unit are grouped into projects.

Changes in the project carrying amounts for the year ended December 31, 2019 are summarized as follows:

	January 1, 2019 \$	Acquisitions/ staking/ assessments \$	Exploration and evaluation \$	Proceeds from sale \$	Loss on sale \$	Write-offs \$	December 31, 2019 \$
Wholly-owned projects							
Eureka	1,219,817	-	4,362	-	-	-	1,224,179
Treble	155,879	-	131	-	-	-	156,010
Triple Crown	283,940	-	-	(100,000)	(183,940)	-	-
Total	1,659,636	-	4,493	(100,000)	(183,940)	-	1,380,189
Wholly-owned and under option project							
Trident - wholly-owned claims							
Squid	212,142	-	82,850	-	-	-	294,992
Trident - under option claims							
CH Claims	88,075	9,000	-	-	-	-	97,075
Total	300,217	9,000	82,850	-	-	-	392,067
Projects under option from other parties							
Yuge	118,081	14,335	2,752	-	-	-	135,168
Eureka Dome	35,921	-	125	-	-	(36,046)	-
Total	154,002	14,335	2,877	-	-	(36,046)	135,168
Total all projects	2,113,855	23,335	90,220	(100,000)	(183,940)	(36,046)	1,907,424

Exploration and evaluation expenditures on the projects consisted of the following:

	Eureka \$	Treble \$	Trident \$	Yuge \$	Eureka Dome \$	Total \$
Year ended December 31, 2019						
Equipment demobilization	-	-	65,281	-	-	65,281
Labour	3,815	131	13,578	2,752	125	20,401
Travel and accommodation	547	-	3,991	-	-	4,538
Total	4,362	131	82,850	2,752	125	90,220

Trifecta Gold Ltd.**Notes to the Financial Statements****For the years ended December 31, 2020 and December 31, 2019****6. Mineral property interests (continued)**

Changes in the project carrying amounts for the year ended December 31, 2020 are summarized as follows:

	January 1, 2020 \$	Acquisitions/ staking/ assessments \$	Exploration and evaluation \$	December 31, 2020 \$
Wholly-owned projects				
Eureka	1,224,179	-	136	1,224,315
Treble	156,010	-	-	156,010
Total	1,380,189	-	136	1,380,325
Wholly-owned and under option project				
Trident - wholly-owned claims				
Squid	294,992	4,228	1,955	301,175
Trident - under option claims				
CH	97,075	15,000	-	112,075
	392,067	19,228	1,955	413,250
Project under option from other parties				
Yuge	135,168	373,380	80,879	589,427
	135,168	373,380	80,879	589,427
Total all projects	1,907,424	392,608	82,970	2,383,002

Exploration and evaluation expenditures on the projects consisted of the following:

	Eureka \$	Trident \$	Yuge \$	Total \$
Year ended December 31, 2020				
Assays	-	-	1,079	1,079
Field	-	38	33,482	33,520
Labour	136	1,772	29,236	31,144
Surveys	-	145	10,811	10,956
Travel and accommodation	-	-	6,271	6,271
Total	136	1,955	80,879	82,970

6. Mineral property interests (continued)**(a) Wholly-owned projects**

By an agreement dated December 9, 2016, the Company agreed to purchase the Eureka, Treble and Triple Crown mineral properties from Strategic by issuing Strategic 14,500,000 of its common shares at a value of \$0.10 per share, giving the transaction a total value of \$1,450,000. The agreed amount approximated the cumulative acquisition and exploration costs incurred on the properties by Strategic.

Transactions between related parties take place at a fair market value, where such values can be determined. The purchased properties are in the exploration stage with no proven economic mineral reserves, so there was insufficient information to determine a fair value less cost to sell, or a value in use. Under IFRS 6, mineral property interests can be carried at cost until such time the properties become impaired. Given the properties were, and are not considered impaired, and given a fair value could not be determined, the Company used the cumulative property costs to Strategic as the transfer value of the properties.

(i) Eureka

The Eureka project consists of a 100% interest in the Eureka mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 11,250,000 common shares at \$0.10 per share for an aggregate cost of \$1,125,000. The claims are subject to a 1% net smelter return royalty ("NSR").

(ii) Treble

The Treble project consists of a 100% interest in the LLL mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 1,150,000 common shares at \$0.10 per share for an aggregate cost of \$115,000. The claims are not subject to any royalty interests.

(b) Wholly-owned and under option project**Trident**

The Trident project consists of the Squid claims, which are wholly-owned, and the CH claims which are being acquired under an option agreement.

Wholly-owned claims

The Squid claims are located in the Dawson Mining District, Yukon Territory, and were acquired by staking.

Under option claims

By an agreement dated December 8, 2016, and amended on April 27, 2017 and December 3, 2020, the Company may acquire a 100% interest in the CH mineral claims located in the Dawson Mining District, Yukon Territory from Coureur Des Bois Ltee Ltd. ("Coureur"), for consideration of:

- The issuance of 1,500,000 common shares to Coureur as follows:
 - 150,000 shares upon completion of a TSX-V listing (issued June 15, 2017);
 - 150,000 shares on or before December 8, 2017 (issued December 8, 2017);
 - 200,000 shares on or before December 8, 2018 (issued December 6, 2018);
 - 300,000 shares on or before December 8, 2019 (issued December 2, 2019 at a fair value of \$9,000);
 - 200,000 shares on or before December 8, 2020 (issued December 3, 2020 at a fair value of \$15,000); and
 - 500,000 shares (or \$50,000, at the Company's election) on or before December 8, 2021.

Upon completion of the agreement, the Company will attain a 100% interest in the claims and Coureur will retain a 2% NSR from any precious metal commercial production and a 1% NSR from any non-precious metal commercial production. The Company would have the right at any time to purchase one-half of the NSR for \$1,000,000.

6. Mineral property interests (continued)**(c) Project under option from other parties****Yuge**

On February 27, 2018, the Company signed a letter of intent, which was subsequently replaced with a definitive agreement (the "Option Agreement"), to option from Silver Range Resources Ltd. ("Silver Range") up to a 75% interest in Silver Range's Yuge property, which is located in Nevada, USA.

Under the agreement, the Company reimbursed Silver Range staking and recording costs of \$9,066.

On July 7, 2020, the Option Agreement was replaced with a Property Purchase Agreement (the "PP Agreement"). Pursuant to the terms of the PP Agreement, the Company can acquire a 100% interest in the Yuge Property by:

- Issuing to Silver Range that number of common shares equal to 9.9% of the total number of issued and outstanding common shares of the Company immediately following the closing of the first \$500,000 of a financing (issued 4,797,611 shares at a fair value of \$359,821);
- Reimbursing Silver Range for property maintenance payments, rentals and filing fees made to maintain the property in good standing until September 1, 2021; and
- Paying Silver Range \$250,000, in cash or shares, on or before July 7, 2021 (the "Final Payment").

Upon completion of the PP Agreement, Silver Range will retain a 2% NSR from the commercial production of any mineral products on the property. At any time following the closing of the PP Agreement, the Company will have the right to purchase one-half of the NSR for \$1,000,000.

(d) Others**(i) Eureka Dome**

In April 2019, the Company terminated an option agreement to earn a 70% interest in the Eureka Dome property located in the Dawson Mining District, Yukon Territory, and wrote-off its cumulative acquisition and exploration expenditures of \$36,046. During the option period, the Company made cash payments totaling \$20,000, and issued 200,000 of its common shares to the optionor.

(ii) Triple Crown

The Triple Crown project consisted of a 100% interest in the OOO mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 2,100,000 common shares at \$0.10 per share for an aggregate cost of \$210,000.

By Agreement dated September 16, 2019, the Company sold its Triple Crown project back to Strategic for cash consideration of \$100,000. The Company retains a 0.5% NSR on the claims, which Strategic can purchase at any time for \$500,000.

(iii) Handsome Jack

The Company retains a 1% NSR on the Handsome Jack project which consists of a 100% interest in the Never Sweat mineral claims located in the Golden Triangle region of British Columbia. One-half of the NSR can be purchased by the claim owner at any time for a cash payment of \$500,000.

(e) Reclamation bond

The reclamation bond is pledged to the Bureau of Land Management (Nevada) to ensure specified properties are properly restored after exploration. Management has determined that the Company has no material reclamation work related to the properties requiring the deposit.

7. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. All issued shares are fully paid.

Transactions for the issue of share capital during the year ended December 31, 2020:

On June 9, 2020, the Company completed a private placement consisting of the issue of 4,000,000 common shares at a price of \$0.025 per share for gross proceeds of \$100,000. In connection with the financing, the Company incurred legal fees of \$8,000 which were recorded as share issue costs.

On September 1, 2020, the Company completed a private placement consisting of the issue of 11,571,429 units at a price of \$0.07 per unit for gross proceeds of \$810,000. Each unit is comprised of one common share and one share purchase warrant exercisable at a price of \$0.14 until September 1, 2021. No residual value was allocated to the warrant component of the units sold.

Finders' fees totaling \$4,983 were incurred in respect of the unit offering. Also, legal and filing fees amounted to \$19,750 and were recorded as share issue costs and deducted from share capital.

On September 1, 2020, the Company issued 4,797,611 common shares at a value of \$0.075 per share for a total of \$359,821 to Silver Range in connection with the PP Agreement in respect of the Yuge Property (note 6(c)). The price of the shares was determined by the closing price of the shares on the TSX-V as of the date of issue.

On December 3, 2020, the Company issued 200,000 common shares to Coureur under the option agreement for the CH mineral claims (note 6(b)), at the market value on issue of \$0.075 per share, for an aggregate fair value of \$15,000.

Transactions for the issue of share capital during the year ended December 31, 2019:

On February 14, 2019, the Company entered into a Debt Settlement Agreement (the "Debt Settlement") with Silver Range whereby the Company issued a total of 200,000 common shares to settle an amount owing to Silver Range of \$12,000 (\$0.06 per share). No gain or loss was recognized in connection with the Debt Settlement.

On May 7, 2019, the Company issued 1,500,000 common shares to its former President and CEO in connection with a Severance Settlement Agreement (the "Severance Settlement") (note 9). The common shares were issued at a value of \$0.05 per share, for an aggregate value of \$75,000. No gain or loss was recognized in connection with the Severance Settlement.

On December 2, 2019, the Company issued 300,000 common shares to Coureur under the option agreement for the CH mineral claims (note 6(b)), at the market value on issue of \$0.03 per share, for an aggregate fair value of \$9,000.

Stock options

The Company has an incentive stock option plan (the "Plan"), under which the maximum number of stock options issued cannot exceed 10% of the Company's currently issued and outstanding common shares. The exercise period for any options granted under the Plan cannot exceed ten years. The exercise price of options granted under the Plan cannot be less than the "discounted market price" of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, or the date of grant in respect of options granted to consultants, less a discount of from 15% to 25%), unless otherwise agreed to by the Company and accepted by the TSX-V.

A participant who is not a consultant conducting investor relations activities, who is granted an option under the plan with exercise prices at or above "Market Price" will have their options vest immediately, unless otherwise determined by the Board of Directors. A participant who is granted an option under the plan with exercise prices below "Market Price" will become vested with the right to exercise one-sixth of the option upon conclusion of every three months subsequent to the grant date. A participant who is a consultant conducting investor relations activities who is granted options under the plan will become vested with the right to exercise one-quarter of the options upon conclusion of every three months subsequent to the grant date.

Trifecta Gold Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2020 and December 31, 2019

7. Share capital (continued)**Stock options (continued)**

A summary of the status of the Company's stock options as at December 31, 2020 and December 31, 2019 and changes during the years then ended is as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Options #	Weighted Avg. Exercise price \$	Options #	Weighted Avg. Exercise price \$
Options outstanding, beginning of year	2,015,000	0.25	2,345,000	0.25
Granted	2,325,000	0.08	-	-
Cancelled	(110,000)	0.25	(330,000)	0.25
Options outstanding, end of year	4,230,000	0.16	2,015,000	0.25

As at December 31, 2020, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Weighted average remaining life (years)	Expiry date
1,905,000	1,905,000	0.25	1.65	August 25, 2022
2,325,000	-	0.08	4.88	November 17, 2025
4,230,000	1,905,000			

During the year ended December 31, 2020, 2,325,000 stock options were granted to Officers, Directors, related company employees and consultants. The Company has recorded the fair value of all options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following weighted average assumptions: expected life of options - five years, expected stock price volatility – 125.00%, no dividend yield, and a risk-free interest rate yield – 0.40%. The fair value is particularly impacted by the Company's stock price volatility.

Using the above assumptions, the fair value of options granted during the year ended December 31, 2020 was \$0.07 per option, for a total of \$156,122. The total share-based payment expense for the year ended December 31, 2020 was \$38,889, which is presented as an operating expense, and includes only an accrual for the initial vesting period of the options granted.

No stock options were granted during the year ended December 31, 2019.

During the year ended December 31, 2020, 110,000 stock options (2019 – 330,000) were cancelled. As a result, the original share-based payment expense of \$11,452 (2019 - \$34,353) has been reversed from contributed surplus and credited to deficit.

Warrants

As an incentive to complete private placements, the Company may issue units which consist of common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to private placement units.

A summary of the status of the Company's warrants as at December 31, 2020 and December 31, 2019, and changes during the years then ended is as follows:

Trifecta Gold Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2020 and December 31, 2019

7. Share capital (continued)**Warrants (continued)**

	Year ended December 31, 2020		Year ended December 31, 2019	
	Warrants #	Weighted Avg Exercise price \$	Warrants #	Weighted Avg Exercise price \$
Warrants outstanding, beginning of year	4,352,856	0.10	5,852,856	0.11
Private placement warrants issued	11,571,429	0.14	-	-
Private placement warrants expired	(4,352,856)	0.10	(1,500,000)	0.15
Warrants outstanding, end of year	11,571,429	0.14	4,352,856	0.10

As at December 31, 2020, the Company had private placement warrants outstanding and exercisable as follows:

Warrants outstanding #	Exercise price \$	Weighted average remaining life (years)	Expiry date
11,571,429	0.14	0.72	September 21, 2021

During the year ended December 31, 2020, 4,352,856 warrants (2019 – 1,500,000) expired unexercised. As a result, the original residual value of \$65,293 (2019 - \$nil) has been reversed from contributed surplus and credited to share capital.

Contributed surplus

Contributed surplus, when applicable, includes the accumulated fair value of stock options recognized as share-based payments and the fair value of warrants issued on private placements. Contributed surplus is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants expire or are exercised or cancelled.

8. Loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2020 is based on the loss attributable to common shareholders of \$210,013 (2019 - \$542,261) and a weighted average number of common shares outstanding of 44,985,217 (2019 – 36,490,734).

All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

9. Related party payables and transactions

The Company's related parties include key management personnel and Directors, and companies in which they have control or significant influence over the financial or operating policies of those entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the years ended December 31, 2020 or December 31, 2019.

Dylan Arnold-Wallinger ("Wallinger"), the Company's former President and CEO was a salaried employee until April 30, 2019. No other key management personnel or Directors receive salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no contracts with them that cannot be terminated without penalty on thirty days' notice. Key management personnel and Directors participate in the Company's stock option plan.

Effective April 30, 2019, the Company and Wallinger agreed to terminate his Employment Agreement and the Company made a one-time cash payment of \$60,000 and issued a total of 1,500,000 common shares with a fair value of \$75,000 as consideration for the early termination. All 300,000 stock options of Wallinger were cancelled on him leaving employment. The options had a fair value on grant date of \$31,221, which were reversed from contributed surplus and credited to deficit.

Trifecta Gold Ltd.

Notes to the Financial Statements

For the years ended December 31, 2020 and December 31, 2019

9. Related party payables and transactions (continued)

During the year ended December 31, 2020, 1,900,000 stock options were granted to key management personnel and Directors having a fair value on issue of \$127,583. These options are exercisable at \$0.08 until November 17, 2025, and vest over a one-year period ending November 17, 2021.

There were no stock options granted to key management personnel and Directors during the year ended December 31, 2019.

The Company transacted with the following related parties:

- (a) Archer Cathro & Associates (1981) Limited ("Archer Cathro") is a geological consulting firm that is a related party through its management contracts, which confer significant influence over operations. Charges are for mineral property management, office rent and administration.
- (b) Glenn Yeadon is the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp"), which provides the Company with legal services.
- (c) Larry Donaldson is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA") a firm in which he has significant influence. DBM CPA provides the Company with accounting and tax services.
- (d) Richard Drechsler is the Company's President and CEO. He controls Drechsler Consulting Ltd. ("Drechsler Consulting"), which commencing July 1, 2020, is charging the Company for the management, administrative and corporate development services of Richard Drechsler.
- (e) Wallinger was the Company's President and CEO. He provided the Company with management, administrative, corporate development and technical services.

The aggregate value of transactions and outstanding balances with related parties are as follows:

	Transactions year ended December 31, 2020 \$	Transactions year ended December, 2019 \$	Balances outstanding, December 31, 2020 \$	Balances outstanding, December 31, 2019 \$
Archer Cathro				
- geological services	34,915	24,650	54,684	-
- office and administration	23,878	25,425	1,716	344
	58,793	50,075	56,400	344
(1) Yeadon Law Corp	57,492	24,218	8,108	4,326
DBM CPA	24,250	18,200	8,000	6,000
Drechsler Consulting	20,790	-	-	-
(2) Wallinger	-	177,830	-	-
	161,325	270,323	72,508	10,670

(1) Transactions include share issue costs of \$24,000 for the year ended December 31, 2020 (2019 - \$nil).

(2) Transactions include geological services of \$2,979 for the year ended December 31, 2019.

All related party balances are unsecured and are due within thirty days without interest. The related party transactions do not include expense reimbursements or recoverable sales tax amounts that are included in the year end related party payable balances. The transactions with the key management personnel and Directors are included in operating expenses as follows:

- (a) Management, administrative and corporate development fees
 - Includes charges by Archer Cathro for administrative personnel.
 - Includes services provided by Drechsler Consulting.
- (b) Management, administrative and corporate development salaries
 - 2019 includes Wallinger's salary related to management, administrative and corporate development services. The remainder of Wallinger's salary is allocated to deferred exploration and evaluation expenditures for his project technical services.

Trifecta Gold Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2020 and December 31, 2019

9. Related party payables and transactions (continued)

- (c) Office rent
- Charged by Archer Cathro.
- (d) Professional fees
- Includes the legal services of the Company's Secretary, Glenn Yeadon, charged to the Company by Yeadon Law Corp.
 - Includes the accounting and tax services of the Company's CFO, Larry Donaldson, charged to the Company by DBM CPA.

10. Income taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	December 31, 2020	December 31, 2019
	\$	\$
Loss for the year before income taxes	(210,013)	(542,261)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated income tax recovery	56,704	146,410
Change in tax resulting from:		
Share issue costs incurred	8,838	-
Unrecognized items for tax purposes	(10,500)	(949)
Tax benefits unrecognized	(55,042)	(145,461)
Income tax recovery	-	-

The significant components of the Company's unrecognized deferred income tax assets are as follows:

	December 31, 2020	December 31, 2019
	\$	\$
Mineral property interests	187,507	202,840
Capital loss carry forwards	3,143	3,143
Non-capital loss carry forwards	346,349	280,671
Share issue costs	10,063	5,444
Tax benefits unrecognized	(547,062)	(492,098)
Net deferred tax assets	-	-

As at December 31, 2020, the Company has unused non-capital losses of approximately \$1,283,000 (December 31, 2019 – \$1,040,000) of which \$43,000 expire in 2036, \$305,000 in 2037, \$355,000 in 2038, \$337,000 in 2039 and \$243,000 in 2040.

As at December 31, 2020, the Company has unused capital losses of approximately \$12,000 (December 31, 2019 – \$12,000), which have no expiry dates and can only be used to reduced future income from capital gains.

As at December 31, 2020, the Company has unclaimed resource deductions in the amount of approximately \$3,077,000 (December 31, 2019 – \$2,659,000), which may be deductible against future taxable income.

As at December 31, 2020, there are share issue costs totaling approximately \$37,000 (December 31, 2019 – \$20,000), which have not been claimed for tax purposes.

Income tax attributes are subject to review, and potential adjustments, by tax authorities.

Trifecta Gold Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2020 and December 31, 2019

11. Supplemental cash flow information

Changes in non-cash operating working capital during the years ended December 31, 2020 and December 31, 2019 were comprised of the following:

	December 31, 2020	December 31, 2019
	\$	\$
Receivables and prepayments	(3,620)	2,084
Accounts payable and accrued liabilities	6,215	1,641
Accounts payable to related parties	7,154	(17,581)
Net change	9,749	(13,856)

The Company incurred non-cash financing and investing activities during the years ended December 31, 2020 and December 31, 2019 as follows:

	December 31, 2020	December 31, 2019
	\$	\$
Non-cash financing activities:		
Share capital issued to settle debt	-	12,000
Share capital issued for mineral property acquisition	374,821	9,000
	374,821	21,000
Non-cash investing activities:		
Option of mineral property interests by issue of share capital	(374,821)	(9,000)
Deferred exploration expenditures included in accounts payable and related party payables	54,684	-
	(320,137)	(9,000)

During the years ended December 31, 2020 and December 31, 2019, no amounts were paid for interest or income tax expenses.

12. Financial risk management**Capital management**

The Company is a resource exploration company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at December 31, 2020 is comprised of shareholders' equity of \$3,062,939 (December 31, 2019 - \$1,981,975).

The Company currently has no source of revenues. In order to fund future projects and pay for operating costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets (see note 1).

Trifecta Gold Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2020 and December 31, 2019

12. Financial risk management (continued)**Financial instruments - fair value**

The Company's financial instruments consist of cash and cash equivalents, reclamation bond, accounts payable and accrued liabilities, and accounts payable to related parties. The carrying value of accounts payable and accrued liabilities, and accounts payable to related parties approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statements of financial position are summarized into the following fair value hierarchy levels:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
December 31, 2020				
Cash and cash equivalents	715,153	-	-	715,153
Reclamation bond	47,227	-	-	47,227
	762,380	-	-	762,380
December 31, 2019				
Cash	92,561	-	-	92,561
	92,561	-	-	92,561

Financial instruments - risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and market and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash. All of the Company's cash is held in financial institutions in Canada, and management believes the exposure to credit risk with respect to such institutions is not significant. The Company has minimal receivable exposure as its refundable credits are due from the Canadian government.

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents. For the year ended December 31, 2020, every 1% fluctuation in interest rates up or down would have impacted loss for the period, up or down, by approximately \$5,000 (2019 - \$nil).

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. See note 1 for further details.

12. Financial risk management (continued)**Financial instruments – risk** (continued)**(d) Market and currency risk**

The Company is not exposed to market risk as it no longer holds marketable securities.

The Company is exposed to currency risk because it holds funds in United States Dollars ("USD"), which, because of fluctuating exchange rates can create gains or losses at the time the funds are converted to Canadian dollars. The Company has no control over these fluctuations and does not hedge its foreign currency holdings. Based on its December 31, 2020 USD holdings, every 5% increase or decrease in the exchange rate would have had an insignificant impact on profit or loss for the year.