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**STRAIGHTUP RESOURCES INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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**INDEPENDENT AUDITORS' REPORT**

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To the Shareholders and Directors of Straightup Resources Inc.

**Opinion on the financial statements**

We have audited the accompanying financial statements of Straightup Resources Inc. which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and the related notes, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the 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 as issued by the International Accounting Standards Board.

**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 *Auditors' 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 audits 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 is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the accompanying financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other Information**

Management is responsible for the other information, which comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and do not and will not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indicators that the other information appears to be materially misstated.

If, based on the work we have performed on this other information, 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 these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

## **Auditors' Responsibilities for 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Fernando J. Costa.

*/S/ Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia  
April 30, 2021

**STRAIGHTUP RESOURCES INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	Note	December 31, 2020 \$	December 31, 2019 \$
<b>ASSETS</b>			
CURRENT			
Cash		1,096,219	11,049
Amounts receivable		20,048	128
Prepaid expenses		43,050	10,000
Deferred financing cost		-	47,000
		1,159,317	68,177
EXPLORATION AND EVALUATION ASSETS	5	389,124	123,239
		1,548,441	191,416
<b>LIABILITIES</b>			
CURRENT			
Accounts payable and accrued liabilities	7	105,585	115,256
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	6	1,960,615	243,501
CONTRIBUTED SURPLUS	6	304,970	79,750
DEFICIT		(822,729)	(247,091)
		1,442,856	76,160
		1,548,441	191,416

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)  
COMMITMENT (Note 11)  
SUBSEQUENT EVENTS (Note 12)

Approved and authorized for issue on behalf of the Board on April 30, 2021

"Matthew Coltura" Director "Mark Lotz" Director

The accompanying notes are an integral part of these financial statements

**STRAIGHTUP RESOURCES INC.**  
**STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)

	Note	Year ended December 31, 2020 \$	Year ended December 31, 2019 \$
<b>EXPENSES</b>			
Consulting fees	7	54,080	24,000
Office and administrative		68,387	10,659
Professional fees	7	299,534	64,644
Rent		14,250	3,750
Share-based compensation	6, 7	135,697	49,750
Telephone and utilities		3,690	1,237
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>(575,638)</b>	<b>(154,040)</b>
<b>LOSS PER SHARE – Basic and diluted</b>		<b>\$(0.03)</b>	<b>\$ (0.01)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>		<b>18,100,316</b>	<b>12,070,001</b>

The accompanying notes are an integral part of these financial statements

**STRAIGHTUP RESOURCES INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars)

	Common Shares			Contributed Surplus	Deficit	Total
	Number of Shares	Amount	Share subscriptions			
		\$	\$	\$	\$	\$
Balance, December 31, 2018	12,070,001	243,501	(5,000)	30,000	(93,051)	175,450
Shares subscription received	-	-	5,000	-	-	5,000
Share-based payments	-	-	-	49,750	-	49,750
Net loss for the year	-	-	-	-	(154,040)	(154,040)
Balance, December 31, 2019	12,070,001	243,501	-	79,750	(247,091)	76,160
Shares issued for cash	12,234,067	1,910,960	-	-	-	1,910,960
Shares issuance costs	-	(313,756)	-	69,523	-	(244,233)
Shares issued as finders' fees	132,280	33,070	-	-	-	33,070
Shares issued for exploration and evaluation assets	400,000	86,500	-	20,000	-	106,500
Exercise of warrants	3,400	340	-	-	-	340
Share-based payments	-	-	-	135,697	-	135,697
Net loss for the year	-	-	-	-	(575,638)	(575,638)
Balance, December 31, 2020	24,839,748	1,960,615	-	304,970	(822,729)	1,442,856

The accompanying notes are an integral part of these financial statements

**STRAIGHTUP RESOURCES INC.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	Year ended December 31, 2020	Year ended December 31, 2019
	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(575,638)	(154,040)
Item not involving cash:		
Share-based payments	135,697	49,750
Changes in non-cash working capital balances:		
Amounts receivable	(19,920)	784
Prepaid expenses	(33,050)	(6,062)
Accounts payable and accrued liabilities	(12,671)	113,368
Cash (used in)/provided by operating activities	(505,582)	3,800
<b>INVESTING ACTIVITY</b>		
Exploration and evaluation assets	D (109,385)	-
Cash used in investing activity	(109,385)	-
<b>FINANCING ACTIVITY</b>		
Deferred financing cost	-	(47,000)
Issuance of common shares	1,910,960	5,000
Share issuance costs	(211,163)	-
Exercise of warrants	340	-
Cash (used in)/provided by financing activity	1,700,137	(42,000)
CHANGE IN CASH	1,085,170	(38,200)
CASH, BEGINNING OF YEAR	11,049	49,249
CASH, END OF YEAR	1,096,219	11,049
<b>SUPPLEMENTAL CASH DISCLOSURES</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

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**STRAIGHTUP RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars)

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1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Straightup Resources Inc. (“the Company”) was incorporated on August 22, 2017 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada. The Company’s common share trade on the Canadian Stock Exchange under the symbol ST.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at December 31, 2020, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company had an accumulated deficit of \$822,729 as at December 31, 2020, which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give affect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on April 30, 2021.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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**STRAIGHTUP RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

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**STRAIGHTUP RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

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 units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

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**STRAIGHTUP RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Expressed in Canadian dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

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 balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby 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 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 statement of financial position date. Deferred tax is not recognized for temporary differences which arise on 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.

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.

k) Financial instruments

On initial recognition financial assets are classified as measured at:

- i. Amortized cost;
- ii. Fair value through other comprehensive income ("FVOCI"); and
- iii. Fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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**STRAIGHTUP RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

The Company's cash is classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

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**STRAIGHTUP RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Expressed in Canadian dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

l) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

m) Share capital

Share capital issued for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, shares issued for consideration will be valued at the quoted market price at the date of issuance.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

**STRAIGHTUP RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

*Significant accounting estimates*

- i. the measurement of deferred income tax assets and liabilities; and
- ii. the inputs used in accounting for share-based payments.

*Significant accounting judgments*

- i. the determination of categories of financial assets and financial liabilities;
- ii. the evaluation of the Company's ability to continue as a going concern; and
- iii. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable.

4. ACCOUNTING STANDARDS AND AMENDEMENTS ISSUED BUT NOT YET ADOPTED

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any standards that have been issued would have no or very minimal impact on the Company's financial statements.

5. EXPLORATION AND EVALUATION ASSETS

	<b>Acquisition Costs</b>	<b>Exploration Costs</b>	<b>Total</b>
	\$	\$	\$
Balance December 31, 2018 and 2019	5,000	118,239	123,239
Additions	231,500	34,385	265,885
Balance, December 31, 2020	236,500	152,624	389,124

*Exploration costs for the year ended December 31, 2020 include assay cost of \$1,602, consulting fees of \$2,408, travel costs of \$4,006, labour costs of \$21,384 and supplies and other costs of \$4,985.*

**Hi Mars Project**

Pursuant to an option agreement dated October 30, 2017 (the "Agreement"), with Rich River Exploration and Craig A. Lynes, collectively, the "Optionors", the Company was granted an option to acquire a 100% undivided interest in the Hi Mars Project (the "Property") located near Powel River area in the Vancouver Mining Division, British Columbia.

**STRAIGHTUP RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSET (continued)

In accordance with the Agreement, the Company has the option to earn the undivided 100% interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling \$160,000, and incurring a total of \$600,000 in exploration expenditures as follows:

	<b>Common Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
	Number	\$	\$
Upon signing of the Agreement (paid)	-	5,000	-
Upon listing of the Company's common shares on a Canadian Stock Exchange (the "Listing") (issued)	100,000	-	-
On or before the first anniversary of the Listing	100,000	-	-
On or before the second anniversary of the Listing	100,000	25,000	200,000
On or before the third anniversary of the Listing	100,000	30,000	100,000
On or before the fourth anniversary of the Listing	200,000	100,000	300,000
<b>Total</b>	<b>600,000</b>	<b>160,000</b>	<b>600,000</b>

The Property is comprised of two mineral claims.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production. The Company was listed on the Canadian Stock Exchange on March 10, 2020.

**Property Option for RLX North, RLX South and Belanger Properties**

Pursuant to an option agreement dated June 1, 2020 (the "Option Agreement") with Bounty Gold Corp. (the "Optionor"), the Company was granted an option to acquire a 100% undivided interest in certain unpatented mining claims comprising the RLX North, RLX South and Belanger properties (collectively, the "Property") located in the District of Red Lake, Ontario, Canada.

In accordance with the Option Agreement, the Company will be required to: (i) make cash payments in the aggregate amount of \$150,000; and (ii) issue common shares in the capital of the Company (the "Consideration Shares") having an aggregate cash value of \$300,000 to the Optionor as follows:

	<b>Cash</b>
	\$
Upon execution of the option agreement on June 1, 2020 (paid)	25,000
On or before the 1 <sup>st</sup> anniversary on June 1, 2021	25,000
On or before the 2 <sup>nd</sup> anniversary on June 1, 2022	50,000
On or before the 3 <sup>rd</sup> anniversary on June 1, 2023	50,000
<b>Total</b>	<b>150,000</b>

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5. EXPLORATION AND EVALUATION ASSET (continued)

	Consideration Shares	
	Number	\$
Upon execution of the option agreement on June 1, 2020 (issued)	300,000	-
On or before the 1 <sup>st</sup> anniversary on June 1, 2021		30,000
On or before the 2 <sup>nd</sup> anniversary on June 1, 2022		100,000
On or before the 3 <sup>rd</sup> anniversary on June 1, 2023		140,000

The Optionor will retain a 3% Net Smelter Returns royalty (“NSR”). The Company has the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$2,000,000 at any time prior to the commencement of commercial production.

On October 22, 2020, the Company entered into an agreement to acquire a digital database of compilation and field exploration data for the Property (the “Digital Database Agreement”). In consideration of the Digital Database Agreement, the Company will pay cash consideration of \$100,000 and issue 200,000 warrants as follows:

	Cash	Warrants
	\$	Number
Upon closing of the Digital Database Agreement on October 22, 2020 (paid and issued)	50,000	100,000
Upon the earlier of (i) the commencement of a work program on either of the Property, or (ii) April 22, 2021	50,000	100,000
<b>Total</b>	<b>100,000</b>	<b>200,000</b>

Under the Digital Database Agreement, each warrant will be exercisable to purchase one common share of the Company for a period of three years from the date of issuance at an exercise price of \$0.26 per share. For the year ended December 31, 2020, the value of the warrants was determined to be \$10,000 which has been capitalized by the Company as an acquisition cost. The fair value of the warrants was calculated using the Black-Scholes option pricing model assuming an expected life of 36 months, a risk-free interest rate of 0.33%, an expected dividend rate of 0%, a price on grant date of \$0.17 and an expected annual volatility of 115%.

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6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% every six months from date of listing. As at December 31, 2020, the Company held 5,437,500 (2019 - 6,125,001) common shares in escrow.

c) Issued and Outstanding as at December 31, 2020: 24,839,748 (2019 – 12,070,001) common shares.

During the year ended December 31, 2020, the Company had the following share capital transactions:

- (i) On March 11, 2020, the Company completed its initial public offering (the "IPO") of 3,968,000 common shares at \$0.10 per share for gross cash proceeds of \$396,800. The Company paid finder fees of \$86,180 and legal fees of \$25,000. The Company also issued 396,800 finder warrants with a fair value \$24,195 calculated using the Black-Scholes option pricing model assuming an expected life of 24 months, a risk-free interest rate of 0.30%, an expected dividend rate of 0%, a price on grant date of \$0.10 and an expected annual volatility of 120%.
- (ii) On March 11, 2020, the Company issued 100,000 common shares pursuant to the Hi Mars Project Agreement with a fair value of \$10,000.
- (iii) On June 30, 2020, the Company issued 300,000 common shares pursuant to the RLX North, RLX South and Belanger Properties Agreement with a fair value of \$76,500.
- (iv) On July 15, 2020, the Company issued 4,203,067 units at \$0.15 per share for gross cash proceeds of \$630,460. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of \$0.25 per common share for a period of twelve months. In connection with the private placement, the Company paid finder fees of \$23,247 and issued 154,979 warrants with a fair value of \$17,000. The fair value of the finder warrants was calculated using the Black-Scholes option pricing model assuming an expected life of 12 months, a risk-free interest rate of 0.23%, an expected dividend rate of 0%, a price on grant date of \$0.29 and an expected annual volatility of 120%.
- (v) On July 22, 2020, the Company issued 3,400 common shares pursuant to the exercise of warrants for gross cash proceeds of \$340.

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6. SHARE CAPITAL (continued)

(vi) On November 5, 2020, the Company issued 2,641,000 non-flow-through units (“Non-flow-through Units”) at a price of \$0.20 per Non-flow-through Unit for gross cash proceeds of \$528,200 and 1,422,000 flow-through common shares (“flow-through shares”) at a price of \$0.25 per flow-through share for gross cash proceeds of \$355,500. Each Non-flow-through Unit consists of one common share and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of \$0.30 per common share for a period of twelve-months and are subject to certain acceleration provision. In connection with the private placement, the Company paid finder fees of \$76,736 and issued 132,280 finder shares with a fair value of \$33,070. The Company also issued 147,960 finder warrants with a fair value of \$28,328. The fair value of the finder warrants was calculated using the Black-Scholes option pricing model assuming an expected life of 24 months, a risk-free interest rate of 0.20%, an expected dividend rate of 0%, a price on grant date of \$0.30 and an expected annual volatility of 120%.

For the purposes of calculating the effect of any premium related to the issuance of the flow-through shares, the Company reviewed the fair market value of the common shares on the date of private placement and compared it to determine if there was a premium paid on the shares. As a result of the review, the Company did not recognize any premium on the flow-through shares issued.

During the year ended December 31, 2020, the Company issued flow-through common shares for gross proceeds of \$355,500. Expenditures related to the use of flow-through share proceeds are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors. The Company is required to incur these expenditures before December 31, 2022 under the general rule and before December 31, 2021 under the look-back rule. The Government of Canada has announced that it may extend the look-back rule by one year which would mean the Company has until December 31, 2022 to incur these expenditures.

During the year ended December 31, 2019, the Company had no share capital transactions.

d) Warrants

The changes in warrants during the years ended December 31, 2020 and 2019 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2018 and 2019	10,070,000	\$0.05
Issued	4,221,772	\$0.11
Exercised	(3,400)	\$0.10
<b>Balance, December 31, 2020</b>	<b>14,288,372</b>	<b>\$0.16</b>

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6. SHARE CAPITAL (continued)

d) Warrants (continued)

As at December 31, 2020, the Company had the following outstanding warrants:

Number of warrants	Exercise price	Expiry date
9,000,000	\$0.05	August 31, 2023
1,070,000	\$0.05	September 21, 2023
393,400	\$0.10	March 11, 2022
2,256,512	\$0.25	July 15, 2021
1,468,460	\$0.30	November 5, 2021
100,000	\$0.26	November 26, 2023
<b>14,288,372</b>		

As at December 31, 2020, the weighted average contractual remaining life was 2.11 years.

e) Stock Options

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2018 and 2019	600,000	\$ 0.10
Issued	800,000	0.24
<b>Balance, December 31, 2020</b>	<b>1,400,000</b>	<b>0.18</b>

As at December 31, 2020, the Company had the following outstanding stock options:

Number of stock options	Exercise price	Expiry date
600,000	\$0.10	May 17, 2024
700,000	\$0.245	August 04, 2025
100,000	\$0.20	November 16, 2025

During the year ended December 31, 2020, the Company issued a total of 800,000 options to certain directors, officers, consultants and an advisory board member of the Company. The options are exercisable between \$0.20 and \$0.245 per share, expire between August 4, 2025 and November 16, 2025, and vested immediately upon grant.

The weighted average remaining contractual life of the options is 4.09 years.

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6. SHARE CAPITAL (continued)

e) Stock Options (continued)

The following assumptions were used for the Black-Scholes valuation of options issued:

	<b>2020</b>	<b>2019</b>
Exercise price	\$0.24	\$0.10
Share price	\$0.24	\$0.10
Risk-free interest rate	0.32%	2.03%
Expected life of options	5 years	5 years
Dividend rate	0.00%	0.00%
Annualized volatility	102%	120%

7. RELATED PARTY BALANCES AND TRANSACTIONS

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

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”).

The Company incurred the following key management personnel cost from related parties:

	<b>2020</b>	<b>2019</b>
	\$	\$
Consulting fees	14,080	-
Share-based payments	135,697	49,750

During the year ended December 31, 2020, the Company paid consulting fees of \$11,000 (2019 - \$nil) to the CEO of the Company.

During the year ended December 31, 2020, the Company paid consulting fees of \$3,080 (2019 - \$nil) to a company owned by the CFO of the Company.

During the year ended December 31, 2020, the Company incurred accounting fees of \$20,325 (2019 - \$8,900) to a firm owned by the CFO. In addition, accounts payable and accrued liabilities as at December 31, 2020 includes \$9,174 (2019 - \$nil) due to the firm.

During the year ended December 31, 2020, the Company also incurred \$168,379 (2019 - \$47,344) in legal and other fees to a firm controlled by a family member of the CFO. In addition, accounts payable and accrued liabilities as at December 31, 2020 includes \$41,283 (2019 - \$93,962) due to the firm.

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8. INCOME TAXES

The Company has losses carried forward approximately \$668,000 available to reduce income taxes in future years which expire from 2038 to 2040.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	Year ended December 31, 2020	Year ended December 31, 2019
Canadian statutory income tax rate	27%	27%
	\$	\$
Income tax recovery at statutory rate	(155,000)	(42,000)
Effect of income taxes of:		
Permanent differences and other	(43,000)	14,000
Change in deferred tax assets not recognized	198,000	28,000
Deferred income tax recovery	-	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	2020	2019
	\$	\$
Non-capital loss carry forwards	180,000	45,000
Share issuance cost	68,000	-
Mineral properties	(5,000)	-
Deferred tax assets not recognized	(243,000)	(45,000)
	-	-

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at December 31, 2020 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
December 31, 2020				
Cash	1,096,219	-	-	1,096,219
December 31, 2019				
Cash	11,049	-	-	11,049

Risk Management

The Company is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives for growth and stakeholder returns. The principal risks to which the Company is exposed, and the actions taken to manage them, are described below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. COMMITMENT

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 5.

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12. SUBSEQUENT EVENTS

- (i) Subsequent to the year end, the Company entered into a purchase option agreement (the "Agreement") with 1544230 Ontario Inc., pursuant to which the Company has the right to earn a 100% undivided interest (the "Option") in and to certain unpatented mining claims consisting of 17 claims comprising 354 cells and encompassing 6,600 hectares, which are situated near Red Lake, Ontario (the "Ferdinand Gold Property"). Pursuant to the Agreement, the Company will pay a total cash consideration of \$148,000 and issue an aggregate of 750,000 common shares. The Option is subject to 1.5% net smelter return (the "NSR") royalty and the Company has the right to repurchase 0.5% of the NSR for \$500,000.
  
- (ii) Subsequent to the year end, the Company issued 500,000 common shares pursuant to the exercise of stock options for total proceeds of \$50,000.