



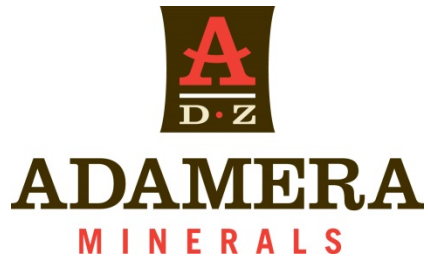
ADAMERA

MINERALS

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2020

*1100, 1111 Melville Street
Vancouver, BC V6E 3V6
Tel: (604) 484-2212
Fax: (604) 484-7143*



Consolidated Financial Statements
December 31, 2020
(Canadian Dollars)

<u>Index</u>	<u>Page</u>
Independent Auditor's Report	2-3
Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Loss and Comprehensive Loss	5
Consolidated Statements of Cash Flows	6
Consolidated Statements of Shareholders' Equity	7
Notes to the Consolidated Financial Statements	8-29



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Adamera Minerals Corp.:

Opinion

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

In our opinion, the accompanying 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 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, 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 International Financial Reporting Standards, 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 Barry Hartley.

DMC

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 26, 2021

ADAMERA MINERALS CORP.
Consolidated Statements of Financial Position
As at December 31
(Expressed in Canadian Dollars)

	Note	2020	2019
Assets			
Current			
Cash		\$ 644,673	\$ 158,383
Deposits	6	55,896	55,964
Receivables		26,660	26,611
Due from related party	12	36,372	-
Due from optionee	9	87,212	-
Prepays		54,318	35,391
Current portion of finance lease receivables	8	315,689	287,337
		1,220,820	563,686
Non-current			
Equipment	5	35,403	23,150
Right-of-use assets	7	66,055	8,363
Long-term portion of finance lease receivables	8	1,365,701	-
Deposits	6	130,460	123,230
Mineral properties	9	5,126,958	4,848,837
		6,724,577	5,003,580
		\$ 7,945,397	\$ 5,567,266
Liabilities			
Current			
Accounts payable and accrued liabilities	10	\$ 86,677	\$ 165,093
Security deposits		69,685	69,310
Restoration provisions	9	151,888	155,912
Short-term loan	9	-	51,952
Due to related parties	12	132,659	145,623
Current portion of lease liabilities	7	229,509	153,785
		670,418	741,675
Non-current			
Canada Emergency Business Account	11	40,000	-
Long-term portion of lease liabilities	7	992,878	-
		1,032,878	-
Shareholders' equity			
Share capital	13	34,979,215	33,616,938
Share-based compensation reserve	13	1,630,364	1,351,485
Deficit		(30,367,478)	(30,142,832)
		6,242,101	4,825,591
		\$ 7,945,397	\$ 5,567,266

Nature and Continuance of Operations (Note 1)
Commitment (Note 17)
Events After the Reporting Period (Note 18)

Approved and authorized by the Board April 26, 2021

On behalf of the Board:

"Mark Kolebaba"
Mark Kolebaba

"Alex Adams"
Alex Adams

See accompanying notes to the consolidated financial statements

ADAMERA MINERALS CORP.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Years ended December 31,	
		2020	2019
Expenses			
Accounting and audit	12	\$ 119,756	\$ 85,734
Administration and management fees		-	1,067
Annual report and meeting		518	2,342
Bad debt expense		1,193	473
Consulting fees		18,158	-
Depreciation	5	1,110	1,503
Depreciation of right-of-use assets	7	13,082	12,545
Filing fees		9,770	8,632
Insurance		2,474	10,300
Interest expense on lease liabilities	7	31,922	17,733
Marketing		36,587	46,959
Legal fees		7,605	4,121
Office and miscellaneous, net of recoveries		38,291	28,193
Property expenses and rent		156,555	184,475
Repair expenses		11,821	-
Share-based compensation	12, 13(c)	334,641	-
Transfer agent fees		9,187	15,021
Travel		3,913	5,094
Wages and benefits	12	128,093	212,600
		(924,676)	(636,792)
Other income			
Finance income on sublease	8	44,693	32,509
Income from subleasing	8	592,778	28,441
Rental income		62,559	6,270
Loss and comprehensive loss for the year		\$ (224,646)	\$ (569,572)
Basic and diluted loss per share		\$ (0.001)	\$ (0.004)
Weighted average number of common shares outstanding		163,187,958	144,518,047

See accompanying notes to the consolidated financial statements

ADAMERA MINERALS CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended December 31,	
	2020	2019
Cash provided by (used in):		
Operating activities		
Loss for the year	\$ (224,646)	\$ (569,572)
Items not affecting cash:		
Bad debt expense	1,193	-
Depreciation	1,110	1,503
Depreciation of right-of-use assets	13,082	12,545
Finance income on sublease	(44,693)	-
Income from subleasing	(592,778)	(28,441)
Interest expense on lease liabilities	31,922	-
Share-based compensation	334,641	-
Net change in non-cash working capital		
Receivables	(1,242)	(5,842)
Due from related party	(36,372)	-
Due from optionee	(87,212)	-
Prepays	(18,927)	(653)
Accounts payable and accrued liabilities	(106,213)	83,713
Security deposits	375	8,330
Provisions	(4,024)	-
Due to related parties	20,696	82,504
	<u>(713,088)</u>	<u>(415,913)</u>
Investing activities		
Deposits	(7,162)	842
Net expenditures on mineral properties	(304,390)	(139,238)
Purchase of equipment	(21,409)	-
	<u>(332,961)</u>	<u>(138,396)</u>
Financing activities		
Repayment of lease liabilities	(220,688)	(217,667)
Cash received from subleasing	430,012	400,791
Shares issued for cash	1,332,650	346,000
Share issue costs	(49,635)	(7,132)
Short-term loan	-	51,952
Canada Emergency Business Account	40,000	-
	<u>1,532,339</u>	<u>573,944</u>
Change in cash	486,290	19,635
Cash, beginning of the year	158,383	138,748
Cash, end of the year	\$ 644,673	\$ 158,383

Supplemental Disclosure with Respect to Cash Flows (Note 15)

See accompanying notes to the consolidated financial statements

ADAMERA MINERALS CORP.
Consolidated Statements of Shareholders' Equity
(Expressed in Canadian Dollars)

	Note	Share Capital		Share-based Compensation		Deficit	Total Shareholders' Equity
		Number of shares	Amount	Reserve			
Balance, December 31, 2018		141,431,928	\$ 33,285,837	\$ 1,351,468	\$	(29,882,403)	\$ 4,754,902
Adjustment arising from adoption of IFRS 16	7	-	-	-		309,143	309,143
Shares issued for cash							
Private placement	13(b)(i)	4,000,000	140,000	60,000		-	200,000
Private placement	13(b)(ii)	4,866,667	97,333	48,667		-	146,000
Share issue costs	13(b)(ii)	10,000	(17,132)	-		-	(17,132)
Shares issued for other consideration							
Property acquisition	13(b)(iii)	100,000	2,250	-		-	2,250
Transfer to share capital on expiry of warrants	13(d)	-	108,650	(108,650)		-	-
Loss and comprehensive loss for the year		-	-	-		(569,572)	(569,572)
Balance, December 31, 2019		150,408,595	\$ 33,616,938	\$ 1,351,485		(30,142,832)	\$ 4,825,591
Shares issued for cash							
Private placement	13(b)(v)	22,800,000	1,140,000	-		-	1,140,000
Share issue costs	13(b)(v)	-	(39,635)	-		-	(39,635)
Exercise of warrants	13(b)(vii)	3,503,000	214,745	(22,095)		-	192,650
Shares issued for other consideration							
Property acquisitions	13(b)(iv) & (vi)	200,000	13,500	-		-	13,500
Transfer to share capital on expiry of warrants	13(d)	-	33,667	(33,667)		-	-
Share-based compensation		-	-	334,641		-	334,641
Loss and comprehensive loss for the year		-	-	-		(224,646)	(224,646)
Balance, December 31, 2020		176,911,595	\$ 34,979,215	\$ 1,630,364		(30,367,478)	\$ 6,242,101

See accompanying notes to the consolidated financial statements

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

1. Nature and Continuance of Operations

Adamera Minerals Corp. (“the Company”) was created in February 2013 pursuant to an amalgamation under the Business Corporation Act (British Columbia). The Company’s common shares are listed for trading on the TSX Venture Exchange (“Exchange”) under the symbol “ADZ”. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company is considered to be in the exploration stage and does not have operating cash flows.

The Company’s head office, principal address and registered and records office is 1100, 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. To date the Company has not generated revenue and incurred a loss for the year ended December 31, 2020 of \$224,646. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

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. 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 business or ability to raise funds.

2. Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The financial statements have been prepared on a historical cost basis except for certain financial instruments carried at fair value, using the accrual basis of accounting except for cash flow information. The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated.

3. Significant Accounting Policies

The consolidated financial statements have been prepared using the historical cost basis, except for certain financial instruments which are stated at fair value.

(a) Basis of Consolidation and Presentation

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries Adamera Minerals LLC and First Pass Exploration Services Inc.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances are eliminated upon consolidation.

3. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS 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 the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of mineral properties, valuation of share-based payments, restoration provision, discount rate used for leases and income tax.

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

i) Functional currency

The Company's reporting currency and the functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency determination was conducted through an analysis of consideration factors identified in IAS 21, The Effect of Changes in Foreign Exchange Rates.

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

i) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

ii) Valuation of share-based payments

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

iii) Restoration provision

The Company is subject to various government laws and regulations relating to ground and/or environmental disturbances caused by exploration at project locations. The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the year in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, supplies and equipment, dismantling operating facilities and restoration of affected areas.

3. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgment (continued)

iv) Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

v) Leases

Under IFRS 16, the Company assess whether a contract contains a lease and, if so, recognizes a lease liability by discounting the future lease payments over the non-cancellable term of the lease, using the Company's estimated incremental borrowing rate. Differences in the estimated incremental borrowing rate could result in materially different lease liabilities and right-of-use assets. The non-cancellable term of the lease depends on the terms of the lease agreement and management's plans for the leased asset in question.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

(c) Cash

Cash consists of cash on hand that is subject to an insignificant risk of change in value.

(d) Mineral Properties

Once the legal right to explore a property has been obtained, costs directly related to exploration and evaluation expenditures are recognized and capitalized in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

Once economic viability and technical feasibility of a project is determined, capitalization costs are first tested for impairment and then transferred to property under development. All direct costs and incidental recoveries are thereafter capitalized.

If economically recoverable reserves are developed and commercial production is established capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result those exploration and evaluation costs, in excess of estimated recoveries, are written off to profit or loss.

3. Significant Accounting Policies (continued)

(d) Mineral Properties (continued)

The Company assesses exploration and evaluation assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit ("CGU") is the smallest identifiable group of mineral property assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

(e) Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses, if any. Depreciation is recognized as follows:

Computer equipment - 30% declining balance
Furniture and fixtures - 20% declining balance
Field equipment – 30% declining balance
Vehicles – 20% declining balance

(f) Restoration Provisions

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

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

(g) Impairment of Non-Financial Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

3. Significant Accounting Policies (continued)

(g) Impairment of Non-Financial Assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(h) Foreign Exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

(i) Warrants Issued in Equity Financing Transaction

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in the share-based compensation reserve.

Warrants that are issued as payment for agency fees or other transaction costs (“finder’s warrants”) are assigned a value based on the Black-Scholes Option Pricing Model and included in the share-based compensation reserve.

When warrants are exercised, any reserves related to those warrants are reclassified from the share-based compensation reserve to share capital.

(j) Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3. Significant Accounting Policies (continued)

(j) Financial Instruments (continued)

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Cash, receivables, accounts payable, due to related parties and short-term loan are recognized at amortized cost.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit and loss in the period in which they arise. Loan receivable and derivative liability are recognized as FVTPL. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss). Consideration payable and derivative liability are financial liabilities recognized as FVTPL.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit and loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition of assets are recognized in profit and loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized at the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

3. Significant Accounting Policies (continued)

(k) Leases

The Company makes judgments that affect the valuation of the lease liabilities, the valuation of the lease receivables and the valuation of Right-of-Use ("ROU") assets. These include: determining contracts that are within the scope of IFRS 16; determining the contract term; and determining the interest rate used for the discounting of future cash flows.

The ROU assets are recognized initially at the value of lease liabilities at recognition with any prepaid payments, initial direct costs and dismantling costs less any lease incentives received. Re-measurements will not be applied by the Company subsequently, except for assessment for impairment, where appropriate.

The lease term determined by the Company comprises the non-cancellable period of lease contracts; the period covered by an option to extend the leases, if the Company is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease, if the Company is reasonably certain not to exercise that option. The amortization rate of ROU assets is based on the lease term determined. The present value of the lease payment is determined using the discount rate representing the weighted average incremental borrowing rate the Company could secure. There are no restrictions or covenants imposed by the Company's leases.

(l) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

(m) Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the period that the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. The fair value of the options is measured at the date of grant. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(n) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the years presented options and warrants outstanding have been excluded from the calculation as they are considered anti-dilutive.

4. Financial and Capital Risk Management

The Company's classifies its financial instruments into categories as follows: cash and receivables as financial assets at amortized cost; accounts payable, due to related parties, and short-term loan as other financial liabilities at amortized cost. The fair value of these financial instruments approximates their carrying value due to their short-term nature.

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

Credit Risk

Credit risk is the risk of a financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is primarily held in major Canadian financial institutions. The Company's receivables consist of cost recoveries and reimbursements. Management believes that the credit risk concentration with respect to financial instruments included in receivables is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet the financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements. The Company is exposed to liquidity risk.

Interest Rate Risk

Interest rate risk is the risk of change in the borrowing rates of the Company. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

4. Financial and Capital Risk Management (continued)

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has operations in the USA and Canada; however its net monetary position in US dollars is minimal and therefore is not exposed to significant foreign exchange risk.

Commodity Risk

Commodity risk is the risk on financial performance due to fluctuations in the prices of commodities. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of commodities for which it is exploring. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Capital Management

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 exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company defines its capital as cash and shareholder's equity.

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, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares periodic expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on demand deposit in an interest bearing Canadian chartered bank account. The Company is not subject to any externally imposed restrictions on its capital. There have been no changes to the Company's management of capital during the year ended December 31, 2020.

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

5. Equipment

	Furniture and fixtures	Computer equipment	Field equipment	Vehicles	Total
Cost					
Balance, December 31, 2018	\$ 19,406	\$ 46,155	\$ 80,496	\$ 7,332	\$ 153,389
Additions	-	-	-	-	-
Balance, December 31, 2019	19,406	46,155	80,496	7,332	153,389
Additions	-	-	21,409	-	21,409
Balance, December 31, 2020	\$ 19,406	\$ 46,155	\$ 101,905	\$ 7,332	\$ 174,798
Accumulated depreciation					
Balance, December 31, 2018	\$ 16,488	\$ 43,092	\$ 58,862	\$ 2,337	\$ 120,779
Depreciation	584	919	6,490	1,467	9,460
Balance, December 31, 2019	17,072	44,011	65,352	3,804	130,239
Depreciation	467	643	6,579	1,467	9,156
Balance, December 31, 2020	\$ 17,539	\$ 44,654	\$ 71,931	\$ 5,271	\$ 139,395
Carrying amounts					
As at December 31, 2019	\$ 2,334	\$ 2,144	\$ 15,144	\$ 3,528	\$ 23,150
As at December 31, 2020	\$ 1,867	\$ 1,501	\$ 29,974	\$ 2,061	\$ 35,403

During the year ended December 31, 2020, the Company capitalized \$8,046 (2019 - \$7,957) of depreciation to mineral properties (Note 9).

6. Deposits

	December 31, 2020	December 31, 2019
Office lease deposits	\$ 55,896	\$ 55,964
Exploration deposits	130,460	123,230
	\$ 186,356	\$ 179,194

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

7. Right-of-Use Assets and Lease Liabilities

The Company leases an office space under non-cancellable operating leases for a period of two years expiring on August 31, 2020. Upon transition to IFRS 16, the Company recognized \$20,908 of ROU assets and \$371,452 of lease liabilities. The ROU asset of \$20,908 represents the portion of office space used by the Company and the residual \$350,544 represents the portion of office space used by sublessees. During the year ended December 31, 2019, the Company recognized a deficit of \$309,143 on transition to IFRS 16.

The Company is liable for the liability under the head lease with the landlord. Sublessees have signed agreements for some of the offices within the area under the headlease, and the Company is responsible for the collection of any rental amounts from them.

The right-of-use assets and lease liabilities in relation to the lease are as follows:

Date	Lease Liability				Right-of-Use Asset		
	Beginning Balance	Lease Payment	Interest Expense	Ending Balance	Beginning Balance	Depreciation charge	Ending Balance
March 31, 2019	\$ 371,452	\$ (58,850)	\$ 5,849	\$ 318,451	\$ 20,908	\$ (3,136)	\$ 17,772
June 30, 2019	318,451	(58,850)	4,916	264,517	17,772	(3,136)	14,636
September 30, 2019	264,517	(58,850)	3,967	209,634	14,636	(3,137)	11,499
December 31, 2019	209,634	(58,850)	3,001	153,785	11,499	(3,136)	8,363
March 31, 2020	153,785	(58,850)	2,018	96,953	8,363	(3,136)	5,227
June 30, 2020	96,953	(58,850)	1,017	39,120	5,227	(3,136)	2,091
August 31, 2020	39,120	(39,233)	113	-	2,091	(2,091)	-

On July 22, 2020, the Company extended the lease term for a period of five years expiring on August 31, 2025. On the commencement date, the Company recognized \$70,774 of ROU assets and \$1,257,367 of lease liabilities. The ROU asset of \$70,774 represents the portion of office space used by the Company and the residual \$1,186,593 represents the portion of office space used by sublessees.

The right-of-use assets and lease liabilities in relation to the extended lease are as follows:

Date	Lease Liability				Right-of-Use Asset		
	Beginning Balance	Lease Payment	Interest Expense	Ending Balance	Beginning Balance	Depreciation charge	Ending Balance
December 31, 2020	\$ 1,257,367	\$ (63,754)	\$ 28,774	\$ 1,222,387	\$ 70,774	\$ (4,719)	\$ 66,055
December 31, 2021	1,222,386	(306,020)	76,511	992,877	66,055	(14,154)	51,901
December 31, 2022	992,877	(306,020)	59,920	746,777	51,901	(14,155)	37,746
December 31, 2023	746,777	(306,020)	42,130	482,887	37,746	(14,155)	23,591
December 31, 2024	482,887	(306,020)	23,053	199,920	23,591	(14,154)	9,437
August 31, 2025	199,920	(204,014)	4,094	-	9,437	(9,437)	-

Interest expense incurred on the lease liability for the year ended December 31, 2020 was \$31,922 (December 31, 2019 - \$17,733). Depreciation recognized on the ROU asset for the year ended December 31, 2020 was \$13,082 (December 31, 2019 - \$12,545). The lease payments were discounted using a discount rate of 7% per annum, which represents the Company's estimated incremental borrowing rate.

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

8. Finance Lease Receivables

The reconciliation between the total gross investment in the lease and the net investment in the lease at December 31, 2020 is as follows:

	December 31, 2020	December 31, 2019
Gross receivable	\$ 1,964,340	\$ 293,220
Less: unearned finance income	(282,950)	(5,883)
Finance lease receivable	\$ 1,681,390	\$ 287,337
Current portion	\$ 315,689	\$ 287,337
Long-term portion	1,365,701	-
Finance lease receivable	\$ 1,681,390	\$ 287,337

The finance lease receivable was discounted using an incremental borrowing rate as at September 1, 2020 of 7% per annum. Finance income earned on the subleases during the year ended December 31, 2020 was \$44,693 (December 31, 2019 - \$32,509). Income from subleasing during the year ended December 31, 2020 was \$592,778 (December 31, 2019 - \$28,441).

9. Mineral Properties

	Cooke Mountain	Empire Creek	Buckhorn 2.0	Other	Total
Costs					
Balance, December 31, 2018	\$ 3,737,626	\$ 732,122	\$ -	\$ 226,787	\$ 4,696,535
Acquisition cost	3,506	2,250	-	-	5,756
Assays	7,382	-	-	-	7,382
Camp costs	5,242	-	-	-	5,242
Depreciation	7,957	-	-	-	7,957
Drilling	16,754	-	-	-	16,754
Geology	47,204	-	-	-	47,204
Holding costs	50,853	5,245	-	5,909	62,007
Balance, December 31, 2019	3,876,524	739,617	-	232,696	4,848,837
Acquisition cost	23,160	7,500	160,665	-	191,325
Camp costs	50,719	-	3,239	54	54,012
Depreciation	3,005	-	5,041	-	8,046
Geochemistry	21,006	-	5,751	1,420	28,177
Geology	104,591	-	67,973	1,638	174,202
Geophysics	203,825	-	-	-	203,825
Holding costs	156,097	5,285	81,184	5,959	248,525
Management fees	45,643	-	-	-	45,643
Surface rights	588	-	-	-	588
Recovered exploration expenditures	(676,222)	-	-	-	(676,222)
Balance, December 31, 2020	\$ 3,808,936	\$ 752,402	\$ 323,853	\$ 241,767	\$ 5,126,958

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

9. Mineral Properties (continued)

The Company holds the following mineral claims and permits:

(a) Washington, USA

i) Cooke Mountain

Adamera Minerals, LLC acquired the Cooke Mountain property by staking a 100% interest in these properties in Ferry County, Washington, including the Oversight, Lambert Creek and HLK properties.

On December 13, 2019, the Company entered into a loan agreement with Hochschild Mining (US) Inc. (“Hochschild”) where Hochschild lent the Company US\$40,000 (\$51,952) (the “Loan”) (received in December 2019) for staking additional land for the benefit of the Cooke Mountain property. Upon the execution of the exploration earn-in agreement (the “Agreement”) (see below), the Loan became part of the Qualifying Expenditures and the loan agreement was terminated.

On January 20, 2020 (the “Effective Date”), the Company entered into the Agreement with Hochschild whereby Hochschild can earn up to a 75% interest in the Cooke Mountain property.

Under the terms of the Agreement, Hochschild has an option that can be earned in two phases.

In phase 1, Hochschild can earn an initial 60% interest in the project by incurring US\$8 million in exploration on the property over a 5-year period, with a minimum expenditure as below:

Period	Minimum Qualifying Expenditure
From the Effective Date to the 1 st anniversary of the Effective Date	US\$500,000
From the 1 st anniversary of the Effective Date to the 2 nd anniversary of the Effective Date	US\$500,000
From the 2 nd anniversary of the Effective Date to the 3 rd anniversary of the Effective Date	US\$1,000,000
From the 3 rd anniversary of the Effective Date to the 4 th anniversary of the Effective Date	US\$1,000,000
From the 4 th anniversary of the Effective Date to the 5 th anniversary of the Effective Date	US\$1,000,000

The Company is the operator of the property during the initial part of the earn-in period. Upon signing the Agreement, Hochschild paid the Company US\$50,000 cash (received).

In phase 2, Hochschild can earn an additional 15% interest in the property by funding a feasibility study within a further 3-year period. During this option phase, Hochschild has the right to extend the earn in period by up to three additional years by paying the Company the following amounts:

- i) US\$200,000 for an extension of 12 months (up to the 9th anniversary of the Effective Date);
- ii) US\$300,000 for a second extension of 12 months (up to the 10th anniversary of the Effective Date);
- iii) US\$500,000 for a third extension of 12 months (up to the 11th anniversary of the Effective Date).

If a feasibility study is not completed by the end of phase 2, Hochschild’s interest decreases to a 2% royalty.

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

9. Mineral Properties (continued)

(a) Washington, USA (continued)

i) Cooke Mountain (continued)

On completion of phase 2, a 75%/25% joint venture will be formed. If Hochschild elects to forego the phase 2 earn-in, a 60%/40% joint venture will be formed. In either case, each party would be responsible for financing its pro rata share of the expenditures, with Hochschild as the operator.

At any time after the formation of the joint venture, the Company may request that Hochschild provide a loan to finance all or part of Adamera's portion of qualifying joint venture expenditures. In the event of a 60%/40% joint venture, Hochschild would provide the loan to the Company in exchange for an additional 5% equity interest in the property. In the event of a 75%/25% joint venture, Hochschild would provide a loan to the Company in exchange for a 1.5% royalty payable to Hochschild. The Company will repay such loans from 70% of its earnings from the joint venture.

On December 15, 2020, Hochschild gave written notice regarding force majeure pursuant to the Agreement and both parties agreed to amend the Effective Date to June 16, 2020.

As of December 31, 2020, Hochschild had forwarded a total of \$589,010 (US\$435,223) for the Cooke Mountain property. The Company incurred an additional amount of \$87,212 as of December 31, 2020 which will be reimbursed by Hochschild.

ii) Empire Creek

On May 21, 2014, Adamera Minerals, LLC entered into a lease and advance royalty agreement whereby the Company has the exclusive rights and lease to acquire an undivided 100% interest in the minerals rights on the Empire Creek property. Pursuant to the terms of the agreement, the following share issuances and payments are required:

- i) US\$1,000 on signing (paid) and 10,000 common shares (issued);
- ii) US\$1,000 (paid) and 10,000 common shares in the first year (issued);
- iii) 20,000 common shares on or before December 1, 2015 (issued);
- iv) 20,000 common shares on or before December 1, 2016 (issued);
- v) 50,000 common shares (issued) or US\$15,000 cash, at the Company's discretion, on or before December 1, 2017;
- vi) 50,000 common shares (issued) or US\$20,000 cash, at the Company's discretion, on or before December 1, 2018; and
- vii) 100,000 common shares (issued; Note 13(b)(iii)) or US\$20,000 cash, at the Company's discretion, on or before December 1, 2019 and each subsequent year until termination of the agreement (100,000 shares were issued on December 8, 2020; Note 13(b)(vi)).

The property is subject to a 2% net smelter returns royalty ("NSR"), of which the Company has the option to purchase one-half of the NSR (1%) for US\$1,000,000 and the second half may be purchased for an additional payment of US\$1,000,000.

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

9. Mineral Properties (continued)

(a) Washington, USA (continued)

iii) Buckhorn 2.0

Adamera Minerals, LLC acquired the Buckhorn 2.0 property by staking a 100% interest in these properties in Washington. The claims staked and recorded by the Company are subject to final determination by the Bureau of Land Management and are subject to a 1% royalty, of which 0.5% may be purchased for \$500,000 at anytime.

On May 21, 2020, Adamera Minerals, LLC entered into an agreement to lease a number of claims for a period of 6 years in Washington State for US\$1,000 (paid) and 100,000 common shares (issued; Note 13(b)(iv)). The Company may extend the lease beyond 2026 by paying US\$1,000 per year. At any time, the Company may purchase the claims for US\$50,000, subject to a 2% royalty of which 1% may be purchased for US\$1,000,000.

iv) Other

Other consists of a 100% interest acquired by staking in these properties in Ferry County, Washington: Flag Hill and Talisman.

(b) Nunavut and Northwest Territories, Canada

During fiscal 2014, the Company entered into an agreement to sell data related to certain diamond properties for \$50,000 on signing (received) and \$50,000 (received) upon claims getting registered, and 1,000,000 common shares on registration of claims within an area of interest. The Company will retain a 2% gross overriding royalty on diamonds mined in the area of interest.

As a result of previously ceasing activities on the uranium, diamond and gold properties, the Company is required to dispose of fuel and related camp supplies. The Company has recorded a provision for disposal costs of \$151,888 (2019 - \$155,912). In 2017, the Nunavut government notified the Company that a fuel drum had leaked. The Company submitted a plan for clean up and the clean up will commence as soon as access to the property is possible.

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are as follows:

	December 31,		December 31,
	2020		2019
Accounts payable	\$ 61,192	\$	144,128
Accruals	25,485		20,965
	\$ 86,677	\$	165,093

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

11. Canada Emergency Business Account (“CEBA”)

In April 2020, the Company received \$40,000 from the Government of Canada related to CEBA. CEBA is an interest-free loan launched by the Government of Canada to ensure that businesses have access to capital during the COVID-19 pandemic and can only be used to pay non-deferrable operating expenses. The terms of CEBA are as follows:

- i) 0% interest operating line of credit until December 31, 2020;
- ii) On January 1, 2021, this operating line of credit will be converted to a 2-year 0% interest term loan, to be repaid by December 31, 2022. \$10,000 of the loan will be forgiven if \$30,000 is repaid in full on or before December 31, 2022.
- iii) If on December 31, 2022, the Company exercises the option for a 3-year term extension, 5% interest during this term extension period will apply on any balance remaining.

12. Related Party Transactions

The Company entered into the following related party transactions during the year ended December 31, 2020:

	Services	As at December 31, 2020	As at December 31, 2019
Amounts due from:			
Tech-X Resources Inc. ^(c)	Rent equipment	\$ 36,372	\$ -
Amounts due to:			
Mark Kalebaba, Chief Executive Officer & director	Salaries and expense reimbursements	\$ 101,919	\$ 94,293
Pacific Opportunity Capital Ltd. ^(b)	Management and accounting services	20,045	42,935
Commander Resources Ltd. ^(a)	Rent deposit	8,395	8,395
Tech-X Resources Inc. ^(c)	Rent deposit	2,300	-
TOTAL:		\$ 132,659	\$ 145,623
Remuneration (key management personnel):			
	Services	During the year ended December 31, 2020	During the year ended December 31, 2019
Mark Kalebaba, Chief Executive Officer & director	Wages and benefits	\$ 93,387	\$ 94,395
Pacific Opportunity Capital Ltd. ^(b)	Accounting services	119,000	79,000
Directors & officers	Share-based compensation	222,471	-
TOTAL:		\$ 434,858	\$ 173,395

(a) Bernard Kahlert, Director of the Company is also a director of Commander Resources Ltd.

(b) Mark T. Brown, CFO of the Company is the president of Pacific Opportunity Capital Ltd.

(c) Mark Kalebaba, President and CEO of the Company is also the president of Tech-X Resources Inc.

Amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

13. Share Capital

(a) Authorized

As at December 31, 2020, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares were fully paid common shares.

(b) Share Issuances

2019 transactions:

- i) On April 30, 2019, the Company completed a non-brokered private placement for the issuance of 4,000,000 units at \$0.05 per unit for a total of \$200,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitled the holder to purchase one additional common share at a price of \$0.05 until April 30, 2021. The residual value of the warrants associated with the unit offering was \$60,000 or \$0.015 per warrant. If however the closing price of the Company's shares are \$0.12 or greater for a period of 10 consecutive trading days, the warrant holder will have 30 days to exercise their warrants; otherwise the warrants expire on the 31st day. The Company issued 10,000 finder shares at \$0.05 per share with a fair value of \$500. The Company incurred additional share issue costs in the amount of \$14,452 in connection with the placement.
- ii) On December 2, 2019, the Company completed a non-brokered private placement for the issuance of 4,866,667 units at \$0.03 per unit for a total of \$146,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitled the holder to purchase one additional common share at a price of \$0.06 until December 2, 2020. The residual value of the warrants associated with the unit offering was \$48,667 or \$0.01 per warrant. The Company incurred share issue costs in the amount of \$2,680 in connection with the placement.
- iii) On November 29, 2019 and December 6, 2019, the Company issued a total of 100,000 common shares valued at \$2,250 pursuant to the lease and advance royalty agreement on the Empire Creek property (Note 9(a)(ii)).

2020 transactions:

- iv) On June 9, 2020, the Company issued 100,000 common shares valued at \$6,000 pursuant to the lease agreement on the Buckhorn property (Note 9(a)(iii)).
- v) On June 22, 2020, the Company completed the first tranche of a non-brokered private placement for the issuance of 13,750,000 units at \$0.05 per unit for a total of \$687,500 and on July 2, 2020 completed the second tranche of a non-brokered private placement for the issuance of 9,050,000 units at \$0.05 per unit for a total of \$452,500. Each unit consisted of one common share and one-half share purchase warrant. Each share purchase warrant entitled the holder to purchase one additional common share at a price of \$0.10 until June 22, 2021 for the first tranche and until July 2, 2021 for the second tranche. The Company paid finder's fee of \$1,625. The Company incurred additional share issue costs in the amount of \$38,010 in connection with the placement.
- vi) On December 8, 2020, the Company issued a total of 100,000 common shares valued at \$7,500 pursuant to the lease and advance royalty agreement on the Empire Creek property (Note 9(a)(ii)).
- vii) During the year ended December 31, 2020, a total of 3,503,000 warrants were exercised for gross proceeds of \$192,650.

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

13. Share Capital (continued)

(c) Stock Options

The Company has established a share option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than ten years from the date of grant (or lesser period prescribed by the Exchange policies), or such lesser period as determined by the Company's board of directors. The exercise price of an option is equal to or greater than the closing market price on the Exchange on the day preceding the date of grant. The vesting terms for each grant are set by the Board of Directors. The share option plan provides that the aggregate number of shares reserved for issuance under the plan shall not exceed 10% of the total number of issued and outstanding shares, calculated at the date of grant.

Stock option transactions are summarized as follows:

Expiry date	Exercise price	December 31, 2018	Granted	Exercised	Expired / Cancelled	December 31, 2019
June 2, 2019	\$ 0.200	750,000	-	-	(750,000)	-
December 3, 2020	\$ 0.100	320,000	-	-	-	320,000
March 31, 2022	\$ 0.145	800,000	-	-	-	800,000
June 2, 2022	\$ 0.200	2,000,000	-	-	-	2,000,000
July 16, 2023	\$ 0.055	1,325,000	-	-	-	1,325,000
December 3, 2023	\$ 0.100	2,555,000	-	-	-	2,555,000
September 23, 2026	\$ 0.080	2,275,000	-	-	-	2,275,000
Options outstanding		10,025,000	-	-	(750,000)	9,275,000
Options exercisable		10,425,000	-	-	(750,000)	9,275,000
Weighted average exercise price		\$ 0.119	\$ -	\$ -	\$ 0.160	\$ 0.114

Expiry date	Exercise price	December 31, 2019	Granted	Exercised	Expired / Cancelled	December 31, 2020
December 3, 2020	\$ 0.100	320,000	-	-	(320,000)	-
March 31, 2022	\$ 0.145	800,000	-	-	(125,000)	675,000
June 2, 2022	\$ 0.200	2,000,000	-	-	-	2,000,000
July 16, 2023	\$ 0.055	1,325,000	-	-	-	1,325,000
December 3, 2023	\$ 0.100	2,555,000	-	-	(100,000)	2,455,000
September 23, 2026	\$ 0.080	2,275,000	-	-	-	2,275,000
June 8, 2025	\$ 0.100	-	1,760,000	-	-	1,760,000
July 9, 2025	\$ 0.100	-	2,900,000	-	-	2,900,000
Options outstanding		9,275,000	4,660,000	-	(545,000)	13,390,000
Options exercisable		9,275,000	4,660,000	-	(545,000)	13,390,000
Weighted average exercise price		\$ 0.114	\$ 0.100	\$ -	\$ 0.110	\$ 0.109

The fair value of options granted and expensed during the year ended December 31, 2020 was \$334,641 (2019 - \$nil) or \$0.07 (2019 - \$nil) per option.

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

13. Share Capital (continued)

(c) Stock Options (continued)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2020	2019
Expected dividend yield	0.00%	-
Expected stock price volatility	170.76%	-
Risk-free interest rate	1.31%	-
Forfeiture rate	0.00%	-
Expected life of options	5 years	-

(d) Warrants

Warrant transactions are summarized as follows:

Expiry date	Exercise price	December 31, 2018	Issued	Exercised	Expired	December 31, 2019
August 28, 2019	(a) \$ 0.10	7,100,000	-	-	(7,100,000)	-
November 19, 2019	(b) \$ 0.10	7,438,750	-	-	(7,438,750)	-
January 20, 2021	\$ 0.05	2,600,000	-	-	-	2,600,000
May 16, 2021	\$ 0.05	6,400,000	-	-	-	6,400,000
July 11, 2021	(b) \$ 0.12	4,392,747	-	-	-	4,392,747
April 30, 2021	(c) \$ 0.05	-	4,000,000	-	-	4,000,000
December 2, 2020	\$ 0.06	-	4,866,667	-	-	4,866,667
Outstanding		27,931,497	8,866,667	-	(14,538,750)	22,259,414
Weighted average exercise price		\$ 0.11	\$ 0.06	\$ -	\$ 0.10	\$ 0.07

Expiry date	Exercise price	December 31, 2019	Issued	Exercised	Expired	December 31, 2020
December 2, 2020	\$ 0.06	4,866,667	-	(1,500,000)	(3,366,667)	-
January 20, 2021	(d) \$ 0.05	2,600,000	-	-	-	2,600,000
April 30, 2021	(c) \$ 0.05	4,000,000	-	(473,000)	-	3,527,000
May 16, 2021	(e) \$ 0.05	6,400,000	-	(1,480,000)	-	4,920,000
July 11, 2021	(b) \$ 0.12	4,392,747	-	-	-	4,392,747
June 22, 2021	\$ 0.10	-	6,875,000	(50,000)	-	6,825,000
July 2, 2021	\$ 0.10	-	4,525,000	-	-	4,525,000
Outstanding		22,259,414	11,400,000	(3,503,000)	(3,366,667)	26,789,747
Weighted average exercise price		\$ 0.07	\$ 0.10	\$ 0.05	\$ 0.06	\$ 0.08

- (a) These warrants had a forced exercise price. If the closing price of the Company's shares is \$0.30 or greater for a period of 10 consecutive trading days, the warrant holder will have 30 days from the date the Company gives notice to exercise their warrants; otherwise the warrants expire on the 31st day after the Company gives such notice. On December 7, 2018, the expiry date of these warrants (excluding 234,000 warrants granted to the finders) was extended to February 28, 2019. On February 22, 2019, the expiry date of these warrants was further extended to August 28, 2019 and the exercise price was repriced at \$0.10. These warrants expired unexercised.
- (b) These warrants had a forced exercise price. If the closing price of the Company's shares is \$0.20 or greater for a period of 10 consecutive trading days, the warrant holder will have 30 days from the date the Company gives notice to exercise their warrants; otherwise the warrants expire on the 31st day after the Company gives such notice. 7,438,750 warrants expired unexercised.

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

13. Share Capital (continued)

(d) Warrants (continued)

(c) These warrants had a forced exercise price. If the closing price of the Company's shares is \$0.12 or greater for a period of 10 consecutive trading days, the warrant holder will have 30 days from the date the Company gives notice to exercise their warrants; otherwise the warrants expire on the 31st day after the Company gives such notice. Subsequent to December 31, 2020, 3,527,000 warrants were exercised.

(d) Subsequent to December 31, 2020, all 2,600,000 warrants were exercised.

(e) Subsequent to December 31, 2020, 320,000 warrants were exercised.

During the year ended December 31, 2020, \$33,667 (December 31, 2019 - \$108,650) was transferred to share capital upon the expiry of warrants.

14. Income Taxes

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	December 31, 2020	December 31, 2019
Loss before income taxes	\$ (224,646)	\$ (569,572)
Expected income tax recovery	\$ (61,000)	\$ (154,000)
Change in statutory rates and others	58,000	75,000
Permanent differences	(69,000)	(2,000)
Share issue costs	(11,000)	(5,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(49,000)	75,000
Change in unrecognized deductible temporary differences	132,000	11,000
Total income tax recovery	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2020	December 31, 2019
Deferred tax assets		
Exploration and evaluation assets	\$ 5,946,000	\$ 5,945,000
Property and equipment	142,000	141,000
Share issue costs	18,000	18,000
Provision	41,000	42,000
Allowable capital losses	68,000	68,000
Non-capital losses available for future period	5,641,000	5,510,000
	11,856,000	11,724,000
Unrecognized deferred tax assets	(11,856,000)	(11,724,000)
Net deferred tax assets	\$ -	\$ -

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

14. Income Taxes (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2020	Expiry Date Range	December 31, 2019	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	\$ 19,518,000	No expiry date	\$ 19,513,000	No expiry date
Investment tax credit	955,000	2026 to 2040	955,000	2026 to 2039
Property and equipment	527,000	No expiry date	522,000	No expiry date
Share issue costs	66,000	2040 to 2044	65,000	2039 to 2043
Provision	152,000	No expiry date	156,000	No expiry date
Allowable capital losses	252,000	No expiry date	252,000	No expiry date
Non-capital losses available for future period	21,481,000	2026 to 2040	21,010,000	2026 to 2039

Tax attributes are subject to review and potential adjustment by tax authorities.

15. Supplemental Disclosure With Respect to Cash Flows

	December 31, 2020	December 31, 2019
Significant non-cash investing and financing activities		
Mineral property expenditures included in accounts payable	\$ 41,714	\$ 13,917
Mineral property expenditures included in due to related parties	-	23,660
Share issue costs included in due to related parties	-	10,000
Shares issued for property acquisition	13,500	2,250
Fair value of shares issued as finder's fees	-	500
Fair value of warrants exercised	22,095	-
Residual value of warrants issued as part of private placement	-	108,667
Depreciation included in mineral property expenditures	8,046	7,957
Short-term loan transferred to mineral property expenditures	51,952	-
Expiration of warrants	33,667	108,650

16. Segmented Information

The Company conducts its business as a single operating segment being the acquisition and exploration of mineral properties. The Company's non-current non-financial assets by geographic area are as follows:

	December 31, 2020	December 31, 2019
Canada	\$ 1,452,848	\$ 30,564
USA	5,271,729	4,973,016
	\$ 6,724,577	\$ 5,003,580

17. Commitment

The Company leases an office under non-cancellable operating leases for a period of five years expiring on August 31, 2025. Total lease liabilities of \$1,222,387 were recorded as at December 31, 2020 (Note 7).

ADAMERA MINERALS CORP.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(Expressed in Canadian Dollars)

18. Events After the Reporting Period

- (a) Subsequent to December 31, 2020, a total of 6,447,000 warrants were exercised for gross proceeds of \$322,350.
- (b) On March 18, 2021, the Company closed a non-brokered completed a non-brokered private placement for the issuance of 16,250,000 units at \$0.10 per unit for a total of \$1,625,000. Each unit consisted of one common share and one-half share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.15 until March 18, 2023. These warrants have a forced exercise price. If the closing price of the Company's shares are \$0.25 or greater for a period of 10 consecutive trading day, the warrant holder will have 30 days from the date the Company gives notice to exercise their warrants; otherwise the warrants expire on the 31st day after the Company gives such notice. The Company paid finder's fee of \$2,750 and issued 27,500 finder's warrants. Each finder's warrant is exercisable into one common share at \$0.15 until March 18, 2022.
- (c) On March 22, 2021, the Company granted 960,000 options to a director at a price of \$0.10 per share expiring on March 22, 2026. 50% of the options vested immediately and 50% vest in 1 year.