WESTERN MAGNESIUM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended October 31, 2020

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Western Magnesium Corporation

Opinion
We have audited the consolidated financial statements of Western Magnesium Corporation (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity (deficit) and cash flows 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 October 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 events or conditions that indicate 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. 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. 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 Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
March 1, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

WESTERN MAGNESIUM CORPORATION
Consolidated Statements of Financial Position
As at October 31, 2020 and 2019
Expressed in Canadian Dollars

	Note	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents		**$ 52,701**	$ 44,282
Accounts receivable		**6,098**	26,425
Prepaid expenses and deposits		**153,303**	105,007
		212,102	175,714
Non-current assets			
Property, plant and equipment	**5**	**105,793**	109,426
Right of use assets	**6**	**498,075**	-
Exploration and evaluation assets	**8**	**1,513,317**	1,475,497
Reclamation deposit		**3,500**	3,500
TOTAL ASSETS		**$ 2,332,787**	$ 1,764,137
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities			
Accounts payable		**$ 1,437,150**	$ 816,944
Accrued liabilities		**120,811**	-
Due to related parties	**9,10**	**1,124,025**	841,571
Promissory note	**11**	**80,662**	134,250
Provision for flow through share issuances	**12**	**288,900**	288,900
Lease obligations - current	**7**	**191,392**	-
Convertible debenture	**11**	**128,276**	-
Derivative liability	**11**	**26,800**	-
		3,398,016	2,081,665
Non-current liabilities			
Lease obligations – non-current	**7**	**315,927**	-
Total liabilities		**3,713,943**	2,081,665
Shareholders' deficit			
Share capital	**13**	**26,068,905**	22,461,089
Reserves	**13**	**5,168,448**	4,277,510
Obligations to issue shares	**13**	**747,392**	52,922
Accumulated other comprehensive income		**486,204**	453,543
Deficit		**(33,852,105)**	(27,562,592)
Total Shareholders' deficit		**(1,381,156)**	(317,528)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**$ 2,332,787**	$ 1,764,137

Nature of operations and going concern	**1**
Contingencies	**10**
Commitments	**12,13,14**
Subsequent events	**19**

Approved on behalf of the Board:

"Edward Lee" Director *"Sam Ataya"* Director

WESTERN MAGNESIUM CORP.

Consolidated Statements of Comprehensive Loss

For the Years Ended October 31, 2020 and 2019

Expressed in Canadian Dollars

	Notes	2020	2019
Expenses			
Bank charges		$ 14,485	$ 10,258
Depreciation	**5,6**	116,677	10,267
Due diligence expenses	**14**	800,561	515,518
Consulting and management fees	**9**	805,477	676,904
Foreign exchange loss (gain)		(14,379)	10,334
Investor relations		320,097	173,112
Interest and accretion	**7,11**	81,598	2,123
Office and general		395,743	315,150
Professional fees		186,934	723,598
Salaries	**9**	2,419,202	1,792,287
Shareholder communications		73,410	518,535
Stock-based compensation	**9,13**	918,653	1,553,933
Transfer agent and filing fees		86,621	98,845
Travel		141,133	193,732
Loss from operating activities		(6,346,212)	(6,594,596)
Other Items			
Gain on sale of exploration and evaluation assets previously written off	**8**	49,999	-
Change in fair value of derivative liability	**11**	6,700	-
Write off of equipment	**5**	-	(4,768)
Net loss for the year		(6,289,513)	(6,599,364)
Other comprehensive income (loss)			
Foreign currency gain on translation of subsidiary		32,661	517
Total comprehensive loss for the year		$(6,256,852)	$(6,598,847)
Basic and diluted loss per share		$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted		312,450,631	241,051,823

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

WESTERN MAGNESIUM CORPORATION
Consolidated Statement of Changes in Equity (Deficit)
For the Years Ended October 31, 2020 and 2019
Expressed in Canadian Dollars

	Common shares		Share based payments and other reserve	Obligation to issue shares	Accumulated Deficit	Total other comprehensive income (loss)	Shareholders' equity (deficiency)
	Shares	Amount					
Balance, October 31, 2018	200,832,658	$ 18,374,126	$ 2,759,189	$ -	$ (20,963,228)	$ 453,026	$ 623,113
Private placements (Note 13)	61,472,502	3,074,208	-	-	-	-	3,074,208
Shares issued for services (Note 13)	150,000	7,500	-	-	-	-	7,500
Shares issued on warrants exercised (Note 13)	15,055,344	1,100,771	-	-	-	-	1,100,771
Shares issued on options exercised (Note 13)	1,100,000	91,749	(36,750)	-	-	-	54,999
Shares issued on debt settlement (Note 13)	328,571	57,500	-	-	-	-	57,500
Share subscriptions (Note 13)	-	-	-	52,922	-	-	52,922
Share issue costs (Note 13)	-	(244,765)	1,138	-	-	-	(243,628)
Share based compensation (Note 13)	-	-	1,553,933	-	-	-	1,553,933
Comprehensive income (loss) for the year	-	-	-	-	(6,599,364)	517	(6,598,847)
Balance, October 31, 2019	278,939,075	22,461,089	4,277,510	52,922	(27,562,592)	453,543	(317,528)
Private placements (Note 13)	3,643,791	546,569	-	(52,922)	-	-	493,647
Shares issued on warrants exercised (Note 13)	40,336,661	3,050,668	-	-	-	-	3,050,668
Shares issued on options exercised (Note 13)	500,000	64,715	(27,715)	-	-	-	37,000
Share subscriptions (Note 13)	-	-	-	747,392	-	-	747,392
Share issue costs (Note 13)	-	(54,136)	-	-	-	-	(54,136)
Share based compensation (Note 13)	-	-	918,653	-	-	-	918,653
Comprehensive income (loss) for the year	-	-	-	-	(6,289,513)	32,661	(6,256,852)
Balance, October 31, 2020	323,419,527	$ 26,068,905	$ 5,168,448	$ 747,392	$ (33,852,105)	$ 486,204	$ (1,381,156)

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

WESTERN MAGNESIUM CORPORATION
Consolidated Statements of Cash Flows
For the Year Ended October 31, 2020 and 2019
Expressed in Canadian Dollars

	2020	2019
Cash provided by (used in):		
Operating activities		
Net loss for the year	**$ (6,289,513)**	$ (6,599,364)
Items not affecting cash:		
Accrued interest and accretion	**43,652**	2,250
Depreciation	**116,677**	10,267
Write off of equipment	**-**	4,768
Shares issued for services	**-**	7,500
Stock-based compensation	**918,653**	1,553,933
Foreign exchange	**19,326**	(1,284)
Change in fair value of derivative liability	**(6,700)**	-
Gain on sale of exploration and evaluation assets	**(49,999)**	-
Changes in non-cash working capital items:		
Accounts receivable	**20,327**	(17,033)
Prepaid expenses	**(48,296)**	(92,016)
Accounts payable and accrued liabilities	**741,017**	856,729
Due to related parties	**282,454**	45,860)
Net cash used in operating activities	**(4,252,402)**	(4,228,390)
Investing activities		
Purchase of equipment	**(22,016)**	(118,393)
Leasehold improvement	**(2,436)**	-
Exploration and evaluation assets	**(20,320)**	-
Proceeds from sale of exploration and evaluation assets	**50,000**	(20,015)
Net cash provided by (used in) investing activities	**5,228**	(138,408)
Financing activities		
Proceeds from issuance of shares, net of share issuance costs	**3,527,179**	3,986,351
Proceeds from share subscription	**747,392**	52,922
Proceeds from convertible debenture	**150,000**	-
Promissory note	**(76,000)**	132,000
Lease payments	**(93,453)**	-
Net cash provided by financing activities	**4,255,118**	4,171,273
Change in cash for the year	**7,944**	(195,525)
Cash and cash equivalents, beginning of the year	**44,282**	239,807
Effect of foreign exchange on cash	**475**	-
Cash and cash equivalents, end of the year	**$ 52,701**	$ 44,282
Other non-cash transactions		
Shares issued for conversion of debt	$ -	$ 57,500
Fair value of exercised options	$ 27,715	$ 36,750
ROU asset addition by way of lease obligation	$ 586,667	$ -
Cash and cash equivalents consist of:		
Cash	$ 52,701	$ 24,136
Guaranteed investment certificate	-	20,146
	$ 52,701	$ 44,282

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

1. Nature of operations and going concern

Western Magnesium Corporation (the "Company", or "WMC") was incorporated under the laws of British Columbia on March 24, 1966. On May 14, 2019, the Company discontinued from the jurisdiction of the Business Corporations Act (British Columbia) and domesticated under the General Corporation Law of the State of Delaware under the name "Western Magnesium Corporation". WMC is a publicly traded company with its shares listed on the TSX Venture Exchange ("TSX-V") under the symbol "WMG.V", OTCQB market under the symbol "MLYF" and on Frankfurt exchange under the symbol "M1V". The Company is principally engaged in the acquisition, exploration and development of interests in mineral resource projects in the USA. To date, the Company has not generated any revenues and is considered to be in the exploration and development stage.

The address of the Company's corporate office and principal place of business is #900 – 580 Hornby Street, Vancouver, British Columbia, Canada V6C 3B6. The Company's USA office address is 3733 Howard Hughes Parkway, Suite 249, Las Vegas, Nevada, 89169.

These consolidated financial statements comprise the financial statements of Western Magnesium Corporation and its wholly owned subsidiaries, Western Magnesium Corp., incorporated in the state of Nevada, USA and Western Magnesium Canada Corp. incorporated on May 3, 2019 in British Columbia, Canada.

The business of exploring and developing mineral resource properties involves a high degree of risk, and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for capitalized exploration and development costs is dependent on the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. Changes in future conditions could require material write-downs of the carrying values of exploration and evaluation interests.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

At October 31, 2020 the Company had working capital deficiency of $3,185,914 (2019 – $1,905,951), has not yet achieved profitable operations and expects to incur further losses in the development of its business. For the year ended October 31, 2020, the Company reported a comprehensive loss of $6,256,852 (2019 – $6,598,847). As at October 31, 2020, the Company had an accumulated deficit of $33,852,105 (2019 – $27,562,592).

The Company has financed its exploration activities and operations through equity issuances and expects to continue to do so to the extent such instruments are issuable under terms acceptable to the Company until such time as its operations provide positive cash flows. Accordingly, the Company's financial statements are presented on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. Management believes that the going concern assumption is appropriate for these financial statements based on their continuing ability to raise financing through share issuances. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable value of its assets may decline materially from current estimates. If the going concern assumption was not appropriate for these financial statements, then potentially material adjustments may be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. These factors indicate the existence of a material uncertainty that cast significant doubt on the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant but could affect the Company's ability to raise financings in the future or restrict access to travel to its exploration properties. Management continues to monitor the situation.

2. Basis of presentation

a) Statement of compliance

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

These consolidated financial statements were approved by the Board of Directors on March 1, 2021.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's US subsidiary is the United States dollar ("USD"). The accounts of the subsidiary have been translated to the Canadian dollar.

c) Critical accounting estimates and judgments

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is potential risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and liabilities, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- whether there are indicators of impairment of the Company's exploration and evaluation assets and other non-current assets;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and,
- the classification of financial instruments.

3. Significant accounting policies

The accounting policies set out below have been applied consistently, to all periods presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiaries as described in Note 1. 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. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

b) Foreign currency

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchanges gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statement of comprehensive income.

Assets and liabilities of the subsidiary with a functional currency in US dollars are translated at the period end rates of exchange, and the results of its operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in accumulated other comprehensive income as shareholders’ equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive income.

c) Cash and cash equivalents

Cash and cash equivalents include short-term investments that are readily convertible into cash with original maturities of three months or less.

d) Reclamation deposit

The Company maintains cash deposits, as required by regulatory bodies, as assurance for the funding of decommissioning costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled and are therefore classified as long term assets.

e) Property, Plant and Equipment

Property, plant and equipment (“PP&E”) is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PP&E consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of PP&E, less their estimated residual value.

3. Significant accounting policies (cont'd…)

e) Property, Plant and Equipment (cont'd…)

The depreciation rates and method applicable to each category of property, plant and equipment are as follows:

Class	Rate
Office furniture	20% declining balance
Computer equipment	55% declining balance
Leasehold improvements	Term of lease
Pilot furnace	To be determined
Right-of-use assets	Term of lease

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

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

f) Research and development

Expenditures on research activities taken to develop a pyro metallurgical process to extract and recover magnesium metal from dolomite are expensed as incurred. Development expenditures are expensed in the period incurred unless the project meets certain strict accounting criteria for deferral and amortization. No development expenditures have met the criteria for deferral to date.

g) Exploration and evaluation assets

General exploration and evaluation expenditures incurred prior to acquiring the legal right to explore are charged to the statement of comprehensive loss as incurred.

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are at the exploration / pre-development stage, which are incurred subsequent to the acquisition of the legal right to explore.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development when they are determined to meet certain technical feasibility and commercial viability thresholds as determined by management.

Exploration and evaluation expenditures related to an area of interest where the Company has tenure are capitalized as intangible assets and are recorded at cost less impairment.

Exploration and evaluation expenditures also include the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operations activities in the relevant area of interest.

All capitalized exploration and evaluation expenditures are assessed for impairment if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to that property are written off in the period.

3. Significant accounting policies (cont'd…)

h) Impairment of non-financial assets

Non-financial assets are evaluated at the end of each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments to the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount 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 the statement of comprehensive loss.

i) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive income (loss) except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amount of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

3. Significant accounting policies (cont'd…)

j) Loss per share

Basic earnings (loss) per share ("EPS") is calculated by dividing profit or loss attributable to ordinary equity holders (numerator) by the weighted average number of ordinary shares outstanding (denominator) during the period. The denominator is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS. All options are considered anti-dilutive when the Company is in a loss position.

k) Share-based payments

The Company has an equity settled share purchase stock option plan that is described in Note 13. Share-based payments to employees are measured at the fair value of the instruments issued at the grant date using the Black-Scholes Option Pricing Model, and are expensed over the vesting period, which is the period over which all of the specific vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

Share-based payments to non-employees are measured at the fair value of 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 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. Upon expiry the recorded value is transferred to deficit.

The share-based compensation fair value is determined using an estimated forfeiture rate. Compensation ultimately recognized is revised in subsequent periods to reflect final grant amounts. For employees and consultants who are working on specific capital projects, the share-based compensation is allocated to projects under development. For the remainder of employees and consultants, the compensation is expensed.

l) Decommissioning liabilities

The Company records a liability for the reclamation of its exploration and evaluation interests based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate, and the liability is recognized at the time the environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The fair value of the provision for closure and reclamation liabilities is estimated using expected cash flows, based on engineering and environmental reports prepared by third party industry specialists, discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amount and timing of future site closure and reclamation cash flows. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the provision at the reporting date.

m) Share capital

The Company records proceeds from share issuances net of issuance costs. Shares issued for consideration other than cash are valued at the quoted price on the date the shares are issued.

3. Significant accounting policies (cont'd…)

n) Financial instruments

The Company's classification of its financial instruments under IFRS 9 is as follows:

Asset or Liability	Classification
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Accounts payable	Amortized cost
Due to related parties	Amortized cost
Derivative liability	FVTPL
Promissory note and convertible debenture	Amortized cost

Classification

On initial recognition, 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.

- A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVTOCI. This election is made on an investment-by-investment basis.

All financial assets not classified or measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 elected to measure them at FVTPL.

Measurement

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).

3. Significant accounting policies (cont'd…)

n) Financial instruments (cont'd…)

Measurement (cont'd…)

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.

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 or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recognized in profit or loss in the period in which they arise. 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).

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 credit risk of 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 the statement of comprehensive 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 are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (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 and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Changes in Accounting Standards

New Accounting Standards Adopted During the Year

IFRS 16, Leases

On January 13, 2016, the IASB published a new standard, IFRS 16 Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. The mandatory effective date of the new standard is applicable for annual periods beginning on or after January 1, 2019. The Company adopted IFRS 16 Leases as of November 1, 2019 using the modified retrospective approach. Under this approach, there is no restatement of prior period financial information and any accumulated deficit at the date of initial application.

Expressed in Canadian Dollars

4. Changes in Accounting Standards (cont'd…)

New Accounting Standards Adopted During the Year (cont'd…)

IFRS 16, Leases (cont'd…)

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured as the present value of future lease payments excluding payments made at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Company applied the definition of a lease under IFRS 16 Leases to contracts effective for periods on or after November 1, 2019.

The Company has elected to apply the practical expedient to exclude initial direct costs such as annual operating costs from the measurement of the right-of-use asset at the date of initial application.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low - value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

On adoption of the new standard on November 1, 2019, the Company recognized right-of-use assets of $109,950, and a lease liability of $109,950 (Notes 6 and 7).

When measuring lease liabilities for leases classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at November 1, 2019 of approximately 7%.

Operating lease commitment disclosed as of October 31, 2019	$ 183,232
Estimated variable lease payments not included in lease obligations	(68,127)
Discounted using the incremental borrowing rate at November 1, 2019	(5,155)
Lease obligations recognized as at November 1, 2019	$ 109,950

Expressed in Canadian Dollars

4. Changes in Accounting Standards (cont'd…)

New Accounting Standards Adopted During the Year (cont'd…)

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23, Uncertainty over Income Tax Treatments, provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. The adoption of this standard did not have any impact on the Company's consolidated financial statements.

5. Property, Plant and Equipment

Cost	**Computer equipment**	**Office furniture**	**Leasehold improvements**	**Pilot furnace**	**Total**
As at October 31, 2018	$ 9,095	$ -	$ -	$ -	$ 9,095
Additions during the year	29,784	44,196	7,699	36,713	118,392
Write off of equipment	(9,095)	-	-	-	(9,095)
As at October 31, 2019	29,784	44,196	7,699	36,713	118,392
Additions during the year	13,257	7,632	2,436	1,128	24,453
As at October 31, 2020	**$ 43,041**	**$ 51,828**	**$ 10,135**	**$ 37,841**	**$ 142,845**
Accumulated depreciation					
As at October 31, 2018	$ 3,026	$ -	$ -	$ -	$ 3,026
Write off of equipment	(4,327)	-	-	-	(4,327)
Additions during the year	5,491	2,210	2,566	-	10,267
As at October 31, 2019	4,190	2,210	2,566	-	8,966
Additions during the year	15,357	8,879	3,850	-	28,086
As at October 31, 2020	**$ 19,547**	**$ 11,089**	$ **6,416**	**$ -**	**$ 37,052**
Net book value					
As at October 31, 2019	$ 25,594	$ 41,986	$ 5,133	$ 36,713	$ 109,426
As at October 31, 2020	**$ 23,494**	**$ 40,739**	**$ 3,719**	**$ 37,841**	**$ 105,793**

6. Right-of-Use Asset

As at October 31, 2020, the right-of-use assets are office leases for the Company's corporate offices in Vancouver, British Columbia and Nevada, USA, and its pilot plant located in Burnaby, British Columbia which terminate on March 31, 2021, May 31, 2021 and September 30, 2023, respectively.

	Vancouver Office	**Nevada Office**	**Pilot Plant Premise**	**Total**
Balance, October 31, 2019	**$ -**	**$ -**	**$ -**	**$ -**
Initial adoption of IFRS 16 (Note 4)	79,510	30,440	-	109,950
Additions	-	-	476,717	476,717
Depreciation	(56,125)	(19,225)	(13,242)	(88,592)
Balance, October 31, 2020	**$ 23,385**	**$ 11,215**	**$ 463,475**	**$ 498,075**

Expressed in Canadian Dollars

7. Lease Liabilities

Lease liabilities are recorded as follows:

	Vancouver Office	Nevada Office	Pilot Plant Premise	Total
Initial recognition of lease liability	$ 79,510	$ 30,440	$ -	$ 109,950
Additions	-	-	476,717	476,717
Payment of lease liability	(58,707)	(20,171)	(14,575)	(93,453)
Interest expense on lease liability	3,333	1,352	4,779	9,464
Foreign exchange effect	-	4,641	-	4,641
Total	24,136	16,262	466,921	**507,319**
Non-current	-	-	315,927	**315,927**
Current	**$ 24,136**	**$ 16,262**	**$ 150,994**	**$ 191,392**

8. Exploration and Evaluation Assets

	Beaverdell Property	Silverado Property	Tami Mosi Property	Total
Balance, October 31, 2018	**$ 1**	**$ 1**	**$ 1,453,678**	**$ 1,453,680**
Foreign currency translation	-	-	1,802	1,802
License	-	-	20,015	20,015
Balance, October 31, 2019	**1**	**1**	**1,475,495**	**1,475,497**
Foreign currency translation	**-**	**-**	17,501	**17,501**
License	**-**	**-**	20,320	**20,320**
Sale of mineral property	**(1)**	**-**	-	**(1)**
Balance, October 31, 2020	**$ -**	**$ 1**	**$ 1,513,316**	**$ 1,513,317**

a) Beaverdell Property, Greenwood Mining Division, British Columbia, Canada

The Beaverdell property is located 3 kilometers southeast of Beaverdell, British Columbia, and was owned 100% by the Company. The carrying value of the property was $1.

During the year ended October 31, 2020, the Company sold its 100% interest in and to the mineral property for aggregate proceeds of $50,000 to be paid in two equal tranches: (i) upon signing of the sale agreement (received); and, (ii) on or before April 7, 2020 (received). As a result, the Company recognized a gain on sale of $49,999.

b) Silverado Property, Nevada, United States

The Silverado property is located in the Pinto mining district of Nevada, consists of 3 patented mining claims totaling approximately 120 hectares, and is a 100% owned by the Company. The carrying value of the property is $1.

c) Tami Mosi Property Nevada, United States

The Tami Mosi property is located approximately 8 miles southeast of Ely, Nevada, consists of 81 unpatented mining leases, is 100% owned by the Company, and is subject to a 2% net smelter royalty in favor of the originating vendors.

9. Related Party Transactions

During the year ended October 31, 2020, the Company had eight executives, with an aggregate annualized salary of approximately $1,869,289 per year, as follows: Executive Chairman, President & Chief Executive Officer, Chief Technical Officer, Chief Financial Officer, Senior Vice President of Corporate Affairs, Senior Vice President of Strategy, Vice President of Operations and Corporate Secretary.

9. Related Party Transactions (cont'd…)

During the year ended October 31, 2020, the Company incurred salaries, management and consulting fees and rent payments totaling $2,402,043 (2019 - $2,003,227) to directors, officers and related companies with directors in common.

During the year ended October 31, 2020, the Company recorded share-based payments of $403,981 (2019 - $1,231,087) for options granted to directors and officers of the Company.

As at October 31, 2020, the balance owing to related parties is $1,124,025 (2019 - $841,571) and is unsecured, non-interest bearing. A total of $1,022,204 has no stated terms of repayment, with the remainder of $102,001 subject to a payment schedule, as set out in Note 10 below. In addition, the Company owes a director and officer an amount $80,662 by way of a promissory note (Note 11).

10. Contingent Liabilities

On January 13, 2015, the Company signed a License and Royalty Agreement with its director, James Sever, P. Eng., to use Mr. Sever's unique knowledge and concepts on the Company's Tami Mosi and other properties for the commercial production of magnesium. In consideration for the license, the Company was to pay to Mr. Sever a royalty in the amount of USD$0.003 per pound (USD$0.00661 per kilogram) of magnesium produced and sold by the Company where the condenser concept has been utilized and USD$0.0015 per pound of magnesium produced and sold from its properties without using the condenser concept. The initial term of the agreement ends on December 31, 2040 and was renewable. No royalties were paid during the years ended October 31, 2020 or 2019.

During the year ended October 31, 2020, the Company had a Notice of Civil Claim filed against it in the Supreme Court of British Columbia by Mr. Sever, alleging constructive dismissal and that outstanding amounts are owed to him. The Company believes that the claim has no merit and will vigorously defend against it. No provision has been recognized in respect to the claim as there is no present obligation and the probability of settlement cannot be determined.

Subsequent to October 31, 2020, the Company entered into a settlement agreement with Frank Halliday, a former director and officer of the Company, whereby the Company has agreed to pay Mr. Halliday termination pay in the amount of $102,001 via installment payments commencing in January 2021 until October 2021. At October 31, 2020, the Company had recorded a provision for the settlement amount.

Subsequent to October 31, 2020, the Company received notice from GEM Global Yield LLC SCS ("GEM") of its intention to arbitrate a three-year capital commitment agreement entered into with the Company on November 19, 2019 (see Note 14 below). GEM claims that the Company has breached the agreement and is demanding the payment of $4,200,000. As at October 31, 2020, the Company had not received regulatory approval of this agreement and not drawn-down any funds under the credit facility. The Company believes that the claim has no merit and will vigorously defend against it. No provision has been recognized in respect to the claim as there is no present obligation and the probability of settlement cannot be determined.

11. Convertible and Promissory Notes

Convertible Note

On July 27, 2020, the Company closed a non-brokered private placement of an unsecured convertible note in the principal amount of $150,000 (the "Convertible Debenture"). The Convertible Debenture bears interest at 12% per annum and is due on July 27, 2021. The Convertible Debenture is convertible into common shares of the Company at the greater of $0.15 per share and the market price on the date of the conversion notice. Any accrued but unpaid interest will be payable on the earlier of the maturity date and the date of conversion in cash or common shares.

Expressed in Canadian Dollars

11. Convertible and Promissory Notes (cont'd…)

The Convertible Debenture was determined to be a hybrid financial instrument comprised of the debt host liability and an embedded derivative liability, as under the conversion feature the number of shares that will or may be issued to settle the Convertible Debenture may vary.

On issuance date of the Convertible Debenture, the fair value of the debt host liability was determined to be $116,500 and the embedded derivative liability was valued at $33,500, using the Black-Scholes Option Pricing Model and based on certain risks and assumptions, as set out below.

	October 31, 2020
Value of debt host liability	$ 116,500
Accretion and interest expense	11,776
Value of convertible debenture, end of year	**$ 128,276**
Fair value of embedded derivative liability	$ 33,500
Fair value adjustment	(6,700)
Fair value of derivative liability, end of year	**$ 26,800**

The inputs used to fair value the embedded derivative using the Black Scholes Option Pricing Model at are as follows:

	October 31, 2020	July 27, 2020
Risk free rate of interest	0.26%	0.28%
Expected life in years	0.74 year	1 year
Conversion exercise price	$0.15	$0.15
Underlying share price of the Company	$0.13	$0.11
Expected volatility	82.54%	103.43%
Expected dividend rate	Nil	Nil

The debt host liability of the Convertible Debenture will be amortized at cost, with the embedded derivative liability measured at fair value through profit and loss.

Promissory Note

During the year ended October 31, 2019, the Company received a loan of $150,000 from a related party. The loan was unsecured, bears interest at 18% and is due on demand. During the year ended October 31, 2020, the loan was increased by an additional $60,000, to $210,000, and is due on September 24, 2021. During fiscal 2020, the Company accrued interest of $22,412 (2019 - $2,250) and made repayments of principal and interest totaling $136,000 (2019 - $18,000). As of October 31, 2020, the outstanding balance was $80,662 (2019 - $134,250).

12. Provision for Flow Through Share Issuances

The Company has recorded a provision in the amount of $288,900 (2019 - $288,900) for tax and related obligations relating to flow through share issuances from prior years.

13. Share Capital

i) Authorized capital

The authorized share capital consists of 1,000,000,000 common voting shares at par value of $0.001.

ii) Issued shares

2020:

On December 20, 2019, the Company exercised its right to call, subject to acceleration provisions, all outstanding common share purchase warrants set to expire between May 7, 2020 and May 13, 2021. The expiry date was amended to January 19, 2020. This expiry date was then extended to February 19, 2020. As of February 19, 2020, any unexercised warrants were extinguished. In all, 35,472,661 warrants at an average price of $0.08 were exercised and 24,794,484 expired unexercised. A further 4,864,000 warrants were also exercised during the year at $0.05 per share.

On January 17, 2020, the Company closed a non-brokered private placement consisting of 3,643,791 units at a price of $0.15 per unit for gross proceeds of $546,569, of which $52,922 was recorded as advance share subscriptions received prior to October 31, 2019. Each unit consists of one common share and one common share purchase warrant exercisable at a price of $0.21 for a period of one year. The share purchase warrants are subject to an expiry acceleration provision, upon thirty days' written notice, should the price of the Company's common shares exceed $0.30 for at least ten consecutive trading days. Finder's fees of $54,136 were paid or accrued in connection with the placement.

On May 26, 2020, the Company issued a total of 500,000 common shares on the exercise of stock options for gross proceeds of $37,000 and re-classified $27,715 from equity reserves to share capital.

On September 10, 2020, the Company announced a non-brokered private placement of up to 53,846,154 units priced at $0.13 to raise gross proceeds of up to $7,000,000. Each unit will be comprised of one common share and one common share purchase warrant exercisable at $0.19 per share for a period of one year. The private placement is subject to regulatory approval. Finder's fees and commissions may be paid in connection with the offering. At October 31, 2020, the Company had received advance share subscriptions of $747,392. Subsequent to October, 31, 2020, the first tranche of the private placement was closed (see Note 19(a)) and 12,955,839 units were issued for gross proceeds of $1,684,260.

2019:

On November 30, 2018, the Company closed the second tranche of non-brokered private placement, originally announced on September 14, 2018, comprised of 7,699,760 units for gross proceeds of $384,988. Each unit consisted of one common share at a price of $0.05 and one common share purchase warrant exercisable into one common share for a period of two years at a price of $0.08. The warrants were subject to an acceleration clause whereby the Company had the right, upon provision of thirty days' written notice, to require a holder to exercise the warrants should the closing price of the Company's common shares exceed $0.10 per share for at least ten consecutive trading days. The Company paid cash finder's fees of $24,071 and issued 145,960 shares at a price of $0.05 in connection with the second tranche.

During the year ended October 31, 2019, the Company issued a total of 150,000 shares to Lodestar Management Group, LLC. ("Lodestar") at a price of $0.05 for services provided.

On January 23, 2019, the Company closed a non-brokered private placement comprised of 6,348,435 units at a price of $0.05 for gross proceeds of $317,422. Each unit consisted of one common share and one share purchase warrant exercisable into one common share for a period of two years at a price of $0.08. The warrants were subject to an acceleration clause whereby the Company had the right, upon provision of thirty days' written notice, to require a holder to exercise the warrants should the closing price of the Company's common shares exceed $0.10 per share for at least ten consecutive trading days. In connection with the closing, the Company paid cash finder's fees totaling $7,381, issued 597,001 shares priced at $0.05 and issued 40,000 broker warrants with the same terms as the financing warrants, which were fair valued at $1,138.

Expressed in Canadian Dollars

13. Share Capital (cont'd…)

ii) Issued shares (cont'd…)

On March 29, 2019, the Company closed a non-brokered private placement for gross proceeds up to $587,523 comprising of 11,750,464 units at a price of $0.05 per unit. Each unit consists of one common share at a price of $0.05 and one common share purchase warrant exercisable into one common share for a period of two years at a price of $0.08. An acceleration clause is included with the warrants such that the Company has the right, on thirty days' written notice, to require a holder to exercise the warrants so long as the closing trading price of the Company's common shares on the Company's principal trading market exceeds $0.10 per share for at least ten consecutive trading days at any time prior to the date of the Call Notice. The Company paid finders fees totaling $37,767 in cash, and issued 218,287 shares at a price of $0.05 in connection to this closing.

On May 13, 2019, the Company closed a non-brokered private placement for gross proceeds of $1,735,730 comprised of 34,712,595 units at a price of $0.05 per unit. Each unit consists of one common share at a price of $0.05 and one common share purchase warrant exercisable into one common share for a period of two years at a price of $0.08. An acceleration clause is included with the warrants such that the Company has the right, on thirty days' written notice, to require a holder to exercise the warrants so long as the closing trading price of the Company's common shares on the Company's principal trading market exceeds $0.10 per share for at least ten consecutive trading days at any time prior to the date of the Call Notice. The warrants will terminate on the date that is thirty days from the date of the Call Notice in the event that the holder has not exercised the warrants in accordance with the terms of the Call Notice by such date. In connection with this financing the Company paid a finder's fees of $126,900 in cash.

On September 6, 2019, the TSX-V approved the debt settlement of $57,500 to a non-arm's length party through the issuance of 328,571 common shares at a price of $0.175.

During the year ended October 31, 2019, 1,100,000 options at a price of $0.05 and 15,055,344 warrants at an average price of $0.07 were exercised.

iii) Warrants

A summary of the changes in the Company's share purchase warrants during the year ended October 31, 2020 are as follows:

Expiry date	Exercise price	Weighted Average Life (years)	October 31, 2019	Granted	Exercised	Expired/ Cancelled	October 31, 2020
February 21, 2022	$ 0.05	2.31	1,505,200	-	-	-	1,505,200
March 27, 2022	$ 0.05	2.41	3,426,025	-	(1,944,000)	-	1,482,025
May 9, 2022	$ 0.05	2.52	5,088,626	-	(2,720,000)	-	2,368,626
August 14, 2022	$ 0.05	2.79	1,310,000	-	(200,000)	-	1,110,000
January 22, 2021**	$ 0.21		-	3,643,791	-	-	3,643,791
May 7, 2020*	$ 0.07	0.52	3,100,000	-	(3,000,000)	(100,000)	-
October 4, 2020*	$ 0.08	0.93	5,016,000	-	(3,425,000)	(1,591,000)	-
November 30, 2020*	$ 0.08	1.08	6,169,926	-	(3,091,383)	(3,078,543)	-
January 23, 2021*	$ 0.08	1.23	6,388,435	-	(3,409,160)	(2,979,275)	-
March 29, 2021*	$ 0.08	1.41	8,188,046	-	(4,496,710)	(3,691,336)	-
May 13, 2021*	$ 0.08	1.53	31,404,738	-	(18,050,408)	(13,354,330)	-
TOTAL			**71,596,996**	**3,643,791**	**(40,336,661)**	**(24,794,484)**	**10,109,642**
Weighted average exercise price			**$ 0.07**	**$ 0.21**	**$ 0.08**	**$ 0.08**	**$ 0.11**

* On December 20, 2019, the Company exercised its right to call, subject to acceleration provisions, all outstanding warrants set to expire between May 7, 2020 and May 13, 2021. The expiry was amended to January 19, 2020. This expiry date was then extended to February 19, 2020. Any unexercised warrants were voided and of no value after February 19, 2020.

** Subsequent to October 31, 2020, the Company amended the expiry date of 3,643,791 warrants, extending the expiry date to August 31, 2021 (see Note 19 (d)).

Expressed in Canadian Dollars

13. Share Capital (cont'd…)

iii) Warrants (cont'd…)

A summary of the changes in the Company's share purchase warrants during the year ended October 31, 2019 are as follows:

Expiry date	Exercise price	Weighted Average Life (years)	October 31, 2018	Granted	Exercised	Expired/ Cancelled	October 31, 2019
December 22, 2018	$ 0.05	-	1,640,000	-	-	(1,640,000)	-
February 21, 2022	$ 0.05	2.31	2,005,200	-	(500,000)	-	1,505,200
March 27, 2022	$ 0.05	2.41	4,205,000	-	(778,975)	-	3,426,025
May 9, 2022	$ 0.05	2.52	7,104,886	-	(2,016,260)	-	5,088,626
August 14, 2022	$ 0.05	2.79	1,470,000	-	(160,000)	-	1,310,000
May 7, 2020	$ 0.07	0.52	3,100,000	-	-	-	3,100,000
October 4, 2020	$ 0.08	0.93	8,216,000	-	(3,200,000)	-	5,016,000
November 30, 2020	$ 0.08	1.08	-	7,699,760	(1,529,834)	-	6,169,926
January 31, 2021	$ 0.08	1.23	-	6,388,435	-	-	6,388,435
March 29, 2021	$ 0.08	1.41	-	11,750,464	(3,562,418)	-	8,188,046
May 13, 2021	$ 0.08	1.53	-	34,712,595	(3,307,857)	-	31,404,738
TOTAL			**27,741,086**	**60,551,254**	**(15,055,344)**	**(1,640,000)**	**71,596,996**
Weighted average exercise price			**$ 0.06**	**$ 0.08**	**$ 0.07**	**$ 0.05**	**$ 0.07**

Assumptions used for the fair market valuation of broker's warrants in Note 13 (ii) were as follows:

	2019
Risk free rate of interest	1.82%
Expected life of warrants	2 years
Exercise price of warrants	$0.08
Expected annualized volatility	187%
Expected dividend rate	Nil

iv) Share-based payments

The Company has adopted an incentive stock option plan under the rules of the TSX-V pursuant to which it is authorized to grant stock options to executive officers, directors, employees and consultants, enabling them to acquire up to 20% of the total shares outstanding of the Company. Under the stock option plan, the option exercise price of any option granted shall not be less than the discounted market price of the Company's common shares. For the purposes of the stock option plan, the discounted market price is calculated in accordance with the policies of the TSX-V at the time of the grant of the options. Stock options granted are subject to a maximum term of 5 years. All options granted shall vest immediately, except for those options granted to persons performing investor relations activities for the Company. Pursuant to the policies of the TSX-V, shares issued upon the exercise of options are restricted from trading during the 4-month period subsequent to the exercise of options.

Expressed in Canadian Dollars

13. Share Capital (cont'd…)

iv) Share-based payments (cont'd…)

A summary of the changes in the Company's stock options during the year ended October 31, 2020 are as follows:

Expiry date	Exercise price $	Weighted average life (years)	Number Exercisable October 31, 2019	Granted	Exercised	Expired/ Cancelled	Number Exercisable October 31, 2020
June 3, 2020	0.05	-	550,000	-	-	(550,000)	-
February 11, 2021	0.05	0.53	1,300,000	-	-	(500,000)	800,000
August 16, 2021	0.05	1.04	1,200,000	-	-	(600,000)	600,000
March 27, 2022	0.05	1.65	2,000,000	-	-	(250,000)	1,750,000
August 26, 2022	0.13		-	500,000	-	-	500,000
April 19, 2023	0.05	2.72	800,000	-	-	-	800,000
August 12, 2023	0.05	3.03	3,780,000	-	(100,000)	(560,000)	3,120,000
December 5, 2023	0.05	3.35	9,600,000	-	-	(2,600,000)	7,000,000
May 8, 2024	0.08	-	400,000	-	(400,000)	-	-
May 22, 2024	0.12	3.81	10,000,000	-	-	(2,050,000)	7,950,000
November 4, 2024	0.15	4.27	-	700,000	-	-	700,000
November 25, 2024	0.16	4.32	-	900,000	-	-	900,000
March 27, 2025	0.11	4.66	-	300,000	-	-	300,000
April 24, 2025	0.12	4.73	-	4,200,000	-	(200,000)	4,000,000
TOTAL			**29,630,000**	**6,600,000**	**(500,000)**	**(7,310,000)**	**28,420,000**
Weighted average exercise price			**$ 0.07**	**$ 0.13**	**$ 0.07**	**$ 0.07**	**$ 0.09**

During the year ended October 31, 2020, the Company recorded share-based compensation totaling $918,653 (2019 - $1,553,933) in relation to the grant of stock options, which was expensed in operations.

A summary of the changes in the Company's stock options during the year ended October 31, 2019 are as follows:

Expiry date	Exercise price $	Weighted average life (years)	Number Exercisable October 31, 2018	Granted	Exercised	Expired/ Cancelled	Number Exercisable October 31, 2019
January 9, 2019	0.11	-	5,700,000	-		(5,700,000)	-
May 24, 2019	0.05	-	300,000	-		(300,000)	-
May 29, 2019	0.08	-	800,000	-		(800,000)	-
June 3, 2020	0.05	0.84	2,250,000	-	(200,000)	(1,500,000)	550,000
February 11, 2021	0.05	1.54	1,600,000	-	(300,000)	-	1,300,000
August 16, 2021	0.05	2.04	2,000,000	-	(300,000)	(500,000)	1,200,000
March 27, 2022	0.05	2.66	3,487,000	-		(1,487,000)	2,000,000
May 1, 2022	0.05	2.75	1,100,000	-	(300,000)	(800,000)	-
August 12, 2023	0.05	4.04	4,010,000	-	-	(230,000)	3,780,000
April 19, 2023	0.05	3.72	1,100,000	-		(300,000)	800,000
December 5, 2023	0.05	4.35	-	9,600,000		-	9,600,000
May 8, 2024	0.08	-	400,000	-	-		400,000
May 22, 2024	0.12	4.81		10,000,000			10,000,000
TOTAL			**22,747,000**	**19,600,000**	**(1,100,000)**	**(11,617,000)**	**29,630,000**
Weighted average exercise price			**$ 0.07**	**$ 0.09**	**$ 0.05**	**$ 0.08**	**$ 0.07**

Expressed in Canadian Dollars

13. Share Capital (cont'd…)

iv) Share-based payments (cont'd…)

The fair value of stock options was estimated on the measurement date using the Black-Scholes Option Pricing Model. The assumptions used to calculate the fair value were as follows:

	2020	2019
Risk free rate of interest	0.43 - 1.51%	1.46% - 2.18%
Expected life of options	5 years	5 years
Exercise price of options	$0.11 - $0.16	$ 0.05 - $0.12
Expected annualized volatility	120.13% - 188.46%	188.57% - 245.97%
Expected dividend rate	Nil	Nil

v) Share-based payments reserve

The share-based payments reserve is used to recognize the fair value of share options granted to employees, including key management personnel, as part of their remuneration, or the fair value of broker warrants granted on financings. When options or warrants are subsequently exercised, the fair value of such options or warrants in share-based payments reserve is credited to share capital. Warrants attached to units as part of a unit placement as assigned a nil value.

vi) Obligations to issue shares

During the year ended October 31, 2020, the Company received advance share subscriptions in the amount of $747,392 (2019 - $52,922) in respect of a non-brokered private placement announced during the year, the first tranche of which closed subsequent to October 31, 2020 (see Note 19(a)).

vii) Dilutive common shares

For the year ended October 31, 2020, potentially dilutive common shares (relating to warrants and options outstanding) totaling 38,529,642 (2019 – 101,226,996) were not included in the computation of loss per share as the effect would be anti-dilutive

14. Commitments

On January 1, 2016, the Company signed a service agreement with Lodestar, a US corporate logistics company, which was extended on January 1, 2017 and 2018 under the same terms. Lodestar provides advisory, consulting, negotiation and other management services relating to corporate management, administrative and/or operational activities of the Company. The term of the contract is for one year and is renewable. The Company has agreed to compensate Lodestar in the amount of $2,500 per month by arrangement of the issuance of shares. The number of shares issued will be based on the share price on the day of issuance that is not lower than the $0.05 per share minimum requirement and will not exceed $2,500 in value. The shares will be issued on the last working day of each month for a period of twelve months. The Company issued 150,000 shares at a price of $0.05 during the year ended October 31, 2019. There were no shares issued to Lodestar during the year ended October 31, 2020.

The Company has a sublease agreement for office space in Canada with a lease term from April 1, 2019 to March 31, 2021. Monthly rent is $9,345. In addition, the Company has an office lease in the USA with a lease term from May 15, 2019 to May 31, 2021 and monthly rent of USD$1,293. During fiscal 2020, the Company entered into a lease agreement for a commercial pilot plant space in Canada with a lease term from October 1, 2020 to September 30, 2023 at a monthly rent of $20,715. (Notes 6 & 7)

Expressed in Canadian Dollars

14. Commitments (cont'd…)

During the year ended October 31, 2019, the Company signed a letter of intent for the potential purchase of a former smelter site in the state of Washington, USA. The Company was granted access to the site to perform certain due diligence activities in furtherance of the proposed acquisition. The acquisition did not complete and the Company is renegotiating the letter of intent. During the year ended October 31, 2019, the Company incurred $515,518 in connection with this investigation and another $20,100 during the year ended October 31, 2020.

On November 19, 2019, the Company signed a three-year capital commitment with New York-based GEM Global Yield LLC SCS ("GEM") whereby GEM will make available $210 million (US$150 million) for the Company to use at its discretion, subject to certain terms, in its pursuit to commercialize production of high-grade magnesium metal. The Company will pay fees equal to 2% of the facility amount, payable from proceeds of the first few draw-downs, in cash or shares and issue 33 million warrants with an exercise price of $0.26 in connection with this share subscription facility. Any draw down on such funding is subject to regulatory approval. As at October 31, 2020, the Company had not received regulatory approval of this agreement and no funds had been drawn-down. Subsequent to October 31, 2020, the Company received notice from GEM of its intention to arbitrate the agreement (see Note 10 above).

15. Financial Instruments and Financial Risk Management

Financial instruments	Measurement Method	Associated Risk	Fair Value at October 31, 2020 ($)
Cash and cash equivalents	FVTPL	Credit and currency	52,701
Accounts payable	Amortized cost	Currency	1,437,150
Due to related parties	Amortized cost	Currency	1,124,025
Promissory note	Amortized cost	Credit and currency	80,662
Convertible debenture	Amortized cost	Credit and currency	128,276

a) Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature or bear interest at market rates.

b) Fair value hierarchy

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

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

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

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

As at October 31, 2020 and 2019, the fair value of cash and cash equivalents held by the Company was based on Level 1 of the fair value hierarchy.

There were no transfers between the levels during the year.

15. Financial Instruments and Financial Risk Management (cont'd…)

c) Financial risk management

The Company's board of directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to the Company's activities. Management regularly monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

In the normal course of operations, the Company is exposed to various risks such interest rate, foreign exchange, credit and liquidity risks. To manage these risks, management determines what activities must be undertaken to minimize potential exposure to risks. The objectives of the Company in managing risks are as follows:

- Maintaining sound financial condition:
- Financing operations; and
- Ensuring liquidity to all operations.

In order to satisfy these objectives, the Company has adopted the following policies:

- Prepare budget documents at prevailing market rates to ensure clear corporate alignment to performance management and achievement of targets;
- Recognize and observe the extent of operating risk within the business; and
- Identify the magnitude of the impact of market risk factors on the overall risk of the business and take advantage of natural risk reductions that arise from these relationships.

There have been no changes in risks that have arisen or how the Company manages those risks during the year.

i) Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash and cash equivalents, which is invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures.

ii) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, reclamation deposits and accounts payable and accruals that are denominated in US dollars. As at the period end, net liabilities denominated in US dollars were nominal. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect net loss and comprehensive loss by an immaterial amount with all other variables remaining constant.

iii) Commodity price risk

The value of the Company's exploration and evaluation assets are dependent on the price of magnesium and the outlook for this mineral. Market prices for these metals historically have fluctuated widely and are affected by numerous factors outside the Company's control, including but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, as well as certain other factors related specifically to magnesium. If magnesium prices decline for a prolonged period below the cost of production, it may not be economically feasible to continue towards production.

Expressed in Canadian Dollars

15. Financial Instruments and Financial Risk Management (cont'd…)

iv) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from trade receivables. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company limits its exposure to credit risk on cash and cash equivalents as these financial instruments are held with major Canadian and international banks. Amounts receivable consist primarily of GST due from the Federal Government of Canada. Management believes the credit risk concentration with respect to amounts receivable is remote. The carrying amount of financial assets recorded in the financial statements, net of any allowances, represents the Company's maximum exposure to credit risk.

v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining cash and cash equivalents. Liquidity requirements are managed based on expected cash flows to ensure there is capital to meet short-term and long-term obligations. As disclosed in Note 1, the ability of the Company to continue as a going concern is dependent on many factors. The Company's cash is primarily invested in bank accounts. The Company anticipates that its cash on hand, together with expected funds raised from private placements and on exercise of warrants and options, will provide sufficient financial resources to carry out its operations through the 2021 fiscal year, including the continued exploration of its mineral assets. However, additional funding will be required as the Company has a working capital deficiency at October 31, 2020. There can be no assurance that the Company will be able to raise the funds necessary to continue future operations. Liquidity risk has been assessed as high.

16. Capital Management

The Company classifies the components of shareholders' equity and cash as capital, which at October 31, 2020, was a deficit of $1,328,456 (2019 – a deficit of $317,528). When managing capital, the Company's objective is to ensure the entity continues as a going concern and advance stakeholders interests. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent upon external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

17. Segmented Information

The Company operates in one segment – the exploration for and development of mineral property interests. Geographic information for the Company's exploration and evaluation assets is as follows:

	October 31, 2020	October 31, 2019
Canada	$ -	$ 1
United States	1,513,317	1,475,496
	$ 1,513,317	$ 1,475,497

Expressed in Canadian Dollars

18. Income Tax

Significant items resulting in the difference between the Company's income tax rate and the federal statutory rate are as follows:

	2020	2019
Loss for the year	$ (6,289,513)	$ (6,599,364)
Effective statutory rate	31.21%	30.48%
Expected income tax recovery at statutory rate	(1,962,844)	(2,011,541)
Net adjustment for deductible and non-deductible amounts	336,679	949,636
Change in tax rates	-	-
Other including prior year true-ups	-	-
Loss of tax assets on domestication to the USA	-	4,923,476
Valuation allowance	(1,626,165)	(3,861,571)
Deferred income tax provision (recovery)	$ -	$ -

The Company's deferred tax assets and liabilities are as follows:

	2020	2019
Non-capital loss carry-forwards	3,029,965	1,626,165
Share issuance costs	14,725	-
Lease liability	138,226	-
Property and equipment	(164,558)	-
Valuation allowance	(3,018,358)	(1,626,165)
Deferred income tax asset (liability)	$ -	$ -

The Company has approximately $6,731,000 net operating losses in the US and $2,746,000 in Canada that, under certain circumstances, can be used to reduce the taxable income of future years. These losses expire at various dates through 2041.

19. Subsequent Events

Subsequent to October 31, 2020, the Company:

a) closed three tranches of a non-brokered private placement announced on September 10, 2020, and issued an aggregate of 12,955,839 units priced at $0.13 to raise gross proceeds of $1,684,260. Each unit consists of one common share and one share purchase warrant entitling the holder thereof to acquire a further common share at a price of $0.19 for a period of one year from the date of closing of the respective financing tranche;

b) approved the partial settlement of up to $25,000 of outstanding debt owed to a supplier, subject to regulatory approval, through the issuance of common shares of the Company;

c) repaid a short-term loan of $25,000 received from a related party that was unsecured, with no fixed repayment date and bore no interest;

d) extended the expiry date of 3,643,791 share purchase warrants priced at $0.21 from January 22, 2021 to August 31, 2021, subject to acceleration if the closing price of the Company's shares exceeds $0.30 per share for at least 10 consecutive trading days; and

e) granted an aggregate 15,650,000 stock options to directors, officers, employees and consultants at a price of $0.13 per share, of which 9,500,000 were granted for a period of five years and 6,150,000 were granted for a period of two years. In addition, an aggregate 1,600,000 stock options at an average price of $0.09 per share expired unexercised.