These financial statements for the years ended December 31, 2019 and 2018 are being refiled because the auditor's report was inadvertently not included with the previously filed statements. Other than adding the auditor's report, there are no other changes.

MacDonald Mines Exploration Ltd.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of MacDonald Mines Exploration Ltd.:

Opinion

We have audited the financial statements of MacDonald Mines Exploration Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and December 31, 2018, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018, 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 audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss and comprehensive loss of $4,281,637 and had an accumulated deficit of $67,248,805 during the year ended December 31, 2019 and, as at that date, had a working capital deficit of $170,406. As stated in Note 1, this indicates that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises 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 audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of 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.

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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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Patrycja Anna Kajda.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

April 29, 2020 — Licensed Public Accountants

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MacDonald Mines Exploration Ltd.
Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	December 31, 2019 $	December 31, 2018 $
Assets			
Current assets			
Cash and cash equivalents	6	**847,448**	351,991
Taxes and other receivables	7, 14	**388,195**	74,828
Prepaid expenses		**88,915**	-
Marketable securities		**4,324**	10,407
Total Current Assets		**1,328,882**	437,226
Non-Current assets			
Equipment	8	**6,847**	22,984
Total Non-Current Assets		**6,847**	22,984
Total Assets		**1,335,729**	460,210
Liabilities and Shareholders' Equity (Deficit)			
Current liabilities			
Accounts payable and accrued liabilities	10, 14	**475,618**	676,809
Flow-through share premium liability	11	**42,822**	2,891
Flow-through provision	12	**980,848**	1,037,402
Total Liabilities		**1,499,288**	1,717,102
Shareholders' Equity (Deficit)			
Share capital	15	**43,064,791**	38,684,656
Shares to be issued		**-**	49,500
Contributed surplus	15	**21,835,092**	20,917,996
Warrants reserve	15	**2,185,363**	2,012,649
Warrants to be issued		**-**	45,475
Deficit		**(67,248,805)**	(62,967,168)
Total Shareholders' Equity (Deficit)		**(163,559)**	(1,256,892)
Total Liabilities and Shareholders' Equity (Deficit)		**1,335,729**	460,210

Nature of Business and Going Concern (Note 1)
Commitments (Notes 17)
Subsequent Events (Note 18)

These financial statements are authorized for issuance by the Board of Directors on April 28, 2020.

Approved on behalf of the Board of Directors: **(Signed) "*Quentin Yarie*"** **(Signed) "*Stuart Adair*"**

Director **Director**

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

MacDonald Mines Exploration Ltd.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		For the years ended December 31,	
	Notes	**2019**	2018
		$	$
Expenses			
Exploration expenditures	**9, 14**	**3,420,380**	915,110
Salaries, professional and consulting fees	**14**	**296,356**	146,107
Shareholder communication		**221,853**	163,474
General and administrative		**61,188**	55,737
Depreciation		**16,137**	16,650
Share-based compensation	**14, 15(b)**	**247,489**	175,330
Deferred flow-through share premium	**11**	**(26,669)**	(89,509)
		(4,236,734)	(1,382,899)
Foreign exchange gain (loss)		**1,351**	(6,288)
Other Income	**13**	**74,000**	-
(Loss) Gain on marketable securities		**(6,083)**	6,803
(Loss) on shares issued for services	**15**	**(110,000)**	-
Expenses before finance items		**(4,277,466)**	(1,382,384)
Finance items			
Interest income		**1,281**	788
Interest expense		**(5,452)**	(1,133)
Net loss and comprehensive loss		**(4,281,637)**	(1,382,729)
Loss per share - basic and diluted		**(0.04)**	(0.02)
Weighted average number of common shares outstanding – basic and diluted		**105,961,459**	84,244,904

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

MacDonald Mines Exploration Ltd.
Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)

	Common Shares	Share Capital	Shares to be Issued	Contributed Surplus	Warrant Reserve	Warrants to be issued	Other Comprehensive (Loss)	Accumulated Deficit	Total
		$	$	$	$	$		$	$
Balance at December 31, 2017	**83,300,083**	**38,503,262**	**180,000**	**20,742,666**	**1,892,760**	**165,364**	**(17,358)**	**(61,567,08)**	**(100,387)**
Adjustment on the initial application of IFRS 9	-	-	-	-	-	-	17,358	(17,358)	-
Fair value of shares/warrants issued for property acquisition	1,225,000	150,000	(130,500)	-	119,889	(119,889)	-	-	20,000
Fair value of shares issue to settlement debt	617,882	30,894	-	-	-	-	-	-	30,894
Share-based compensation	-	-	-	175,330	-	-	-	-	175,330
Net loss for the year	-	-	-	-	-	-	-	(1,382,729)	(1,382,729)
Balance at December 31, 2018	**85,142,965**	**38,684,656**	**49,500**	**20,917,996**	**2,012,649**	**45,475**	**-**	**(62,967,168)**	**(1,256,892)**
Private placements	40,230,000	2,685,000	-	-		-	-	-	2,685,000
Share issue costs	28,000	(75,001)	-	-		-	-	-	(75,001)
Fair value of warrants issued	-	(871,160)	-	-	871,160	-	-	-	-
Fair value of broker warrants issued	-	(30,263)	-	-	30,263		-	-	-
Fair value of shares/warrants issued for property acquisition (note 9)	23,875,000	1,937,500	(49,500)	49,500	45,475	(45,475)	-	-	1,937,500
Fair value of shares issued for services (note 15)	2,000,000	160,000	-	-	-	-	-	-	160,000
Exercise of warrants	4,981,886	640,659	-	-	(154,077)	-	-	-	486,582
Expiry of warrants	-	-	-	620,107	(620,107)	-	-	-	-
Share-based compensation	-	-	-	247,489	-	-	-	-	247,489
Premium on flow-through shares	-	(66,600)	-	-	-	-	-	-	(66,600)
Net loss for the year	-	-	-	-	-	-	-	(4,281,637)	(4,281,647)
Balance at December 31, 2019	**156,257,851**	**43,064,791**	**-**	**21,835,092**	**2,185,363**	**-**	**-**	**(67,248,805)**	**(163,559)**

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

MacDonald Mines Exploration Ltd.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the years ended December 31,	
	2019	2018
	$	$
Operating activities		
Net loss for the year	**(4,281,637)**	(1,382,729)
Items not affecting cash:		
Shares and warrants issued for properties	**1,937,500**	20,000
Shares issued to settle debt	**-**	30,894
Depreciation	**16,137**	16,650
Fair value of shares issued for services	**160,000**	-
Gain (loss) on marketable securities	**6,083**	(6,803)
Deferred premium on flow-through shares	**(26,669)**	(89,509)
Share-based compensation	**247,489**	175,330
Net change in non-cash working capital items:		
Taxes and other receivables	**(313,367)**	169,795
Prepaid expenses	**(88,915)**	111,445
Accounts payable and accrued liabilities	**(201,191)**	202,617
Interest on short-term loan	**-**	1,133
Flow through provision	**(56,554)**	-
Net cash used in operating activities	**(2,601,124)**	(751,177)
Investing activity		
Purchase of equipment	**-**	(13,302)
Net cash used in investing activity	**-**	(13,302)
Financing activities		
Proceeds from private placements	**2,685,000**	-
Share issue costs	**(75,001)**	-
Exercise of warrants	**486,582**	-
Repayment of short-term debt	**-**	(57,801)
Net cash provided by financing activities	**3,096,581**	(57,801)
Change in cash and cash equivalents	**495,457**	(822,280)
Cash and cash equivalents, beginning of year	**351,991**	1,174,271
Cash and cash equivalents, end of year	**847,448**	351,991

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

1. Nature of Business and Going Concern

MacDonald Mines Exploration Ltd. (the “Company”) is a publicly traded company actively engaged in the acquisition, exploration and development of mineral properties. The Company's registered office is Suite 1001, 145 Wellington Street West, Toronto, Ontario, Canada, M5J 1H8. Since November 1, 2011, the Company is continued under the Canadian Business Corporations Act. Prior to November 1, 2011, the Company was continued under the Quebec Business Corporations Act (formerly, Part 1A of the Companies Act (Quebec)). The Company's Class A common shares are listed on the TSX Venture Exchange (“TSXV”) under the ticker symbol “BMK”. The Company's functional and presentation currency is Canadian Dollars.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration and evaluation programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board on a going concern basis which assumes the Company will be able to meet its obligations and continue its operations for the next 12 months. During the year ended December 31, 2019, the Company incurred a net loss and comprehensive loss of $4,281,637 and had an accumulated deficit of $67,248,805 (2018 - $62,967,168), and as of that date, had a working capital deficit of $170,406 (2018 – $1,279,876).

The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. There is no assurance that the Company will continue to be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Preparation and Statement of Compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a going concern basis, under historical cost convention except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The principal accounting policies and critical estimates and judgements, used when compiling these financial statements are set out below. These financial statements were approved by the Board of Directors on April 28, 2020.

3. Significant Accounting Policies

a) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"), which was determined to be Canadian dollars. The financial statements are presented in Canadian dollars, which is the Company's presentation currency. Transactions in currencies other than the Canadian dollar are translated at rates at the time of the transactions as follows:

(i) Monetary assets and liabilities are translated at current rates of exchange at each reporting date with the resulting gain or losses recorded in foreign exchange gain/loss in the statements of loss and comprehensive loss;

(ii) Non-monetary items are translated at historical exchange rates and are not retranslated; and

(iii) Expense items are translated at the rates of exchange prevailing on the dates of the transactions.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash, demand deposits and short-term, highly-liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents have maturities of three months or less at the date of acquisition. Interest earned is included in interest income on the statements of loss and comprehensive loss.

c) Marketable Securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

d) Taxes and Other Receivables

Taxes and other receivables consists primarily of HST/QST receivable from the government authorities in Canada in respect of the Company's expenses and cost reimbursement from third parties.

e) Mineral Properties and Exploration Expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to acquisition costs, geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

f) Impairment of Non-Financial Assets

The carrying values of equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

3. Significant Accounting Policies (continued)

f) Impairment of Non-Financial Assets (continued)

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to loss to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in statements of loss and comprehensive loss.

g) Loss per Common Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All the Company's outstanding stock options and warrants were anti-dilutive for the years ended December 31, 2019 and 2018.

h) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

Proceeds received on the issuance of units, consisting of common shares and share purchase warrants, are allocated to common shares and warrants on a relative fair value basis whereby the common shares are valued based on the quoted market price of the common shares at the time the units are issued, and the share purchase warrants are valued using the Black-Scholes option pricing model.

i) Share-based Compensation

Share-based compensation transactions with employees are measured based on the fair value of the share-based compensation issued. The Company grants stock options to certain employees, directors and consultants under the terms of the Company's Stock Option Plan. Each tranche in an option award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires estimates for the expected life of options and stock price volatility which can materially affect the fair value estimate. Volatility and expected life of option is estimated based on an analysis of factors such as the Company's historical price trends, history of option holder activity, and peer and industry benchmarks for similar transactions.

Share-based compensation transactions with parties other than employees and directors are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. Significant Accounting Policies (continued)

j) Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

k) Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is deferred and recognized as other income as the expenditure incurs, and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

l) Related Party Transactions

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

m) Equipment

Equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges

3. Significant Accounting Policies (continued)

m) Equipment (continued)

associated with bringing the asset to the location and condition necessary for putting it into use. Depreciation is provided over the estimated useful lives of the equipment using the following methods:

- Exploration equipment – 50% declining balance
- Vehicles – 30% straight-line

n) Rehabilitation Provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, dismantling operating facilities, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. When applicable for closed sites, changes to estimated costs are recognized immediately in the statement of loss and comprehensive loss. As at December 31, 2019 and 2018 the provision was $ Nil.

o) Financial Assets and Liabilities

IFRS 9 – Financial instruments (“IFRS 9”) includes guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair

value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVTOCI”) based on the business model in which they are held and the characteristics of their contractual cash flows.

<u>Financial assets</u>

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets classified as FVTPL are measured at fair value with changes in fair value on those items recognized in net loss and comprehensive loss. Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost of FVTOCI.

The Company’s marketable securities are classified as financial assets measured at FVTPL.

3. Significant Accounting Policies (continued)

o) Financial Assets and Liabilities (continued)

ii. Amortized Cost

Financial assets classified as amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

The Company's cash and cash equivalents, and accounts receivable, excluding HST, are classified as financial assets measured at amortized cost.

iii. Financial assets recorded at FVTOCI
Financial assets are recorded at FVTOCI when the change in fair value is attributable to changes in the Company's credit risk.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities measured at amortized cost, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective yield basis is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

The Company's accounts payable and accrued liabilities approximate their amortized costs.

ii. Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they do not fall into amortized cost detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are include in the initial carrying amount of the asset or the liability.

Recognition and measurement

Instruments classified as FVTPL are measured at fair value with gains and losses arising from the changes in fair value of the securities presented in the statement of loss and comprehensive loss as the net unrealized gains or losses in the period they arise. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive loss.

3. Significant Accounting Policies (continued)

o) Financial Assets and Liabilities (continued)

Determination of fair values

The determination of fair value requires judgement and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of securities based on quoted trading prices at the end of the reporting period or the closing trade price on the last day the security traded if there were no trades at the end of the reporting period.

Disposition of marketable securities
Realized gains or losses on the disposal of securities and unrealized gains and losses on securities classified as FVTPL are reflected in profit or loss on the transaction date and are calculated on a weighted average cost basis.

Derecognition of financial liabilities
The Company de-recognizes financial liabilities when the obligations are discharged, cancelled or expire. 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 the statement of loss and comprehensive loss.

Impairment of financial assets
Financial assets not measured at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine if there is any indication of impairment. As at December 31, 2019, the fair values of the financial assets classified at amortized cost approximate their carrying value due to their short-term nature.

Financial instruments recorded at fair value
Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2019, marketable securities valued at $4,324 (2018 - $10,407) were measured using Level 1 inputs.

3. Significant Accounting Policies (continued)

p) New Standard Adopted By The Company

The following standard was adopted by the Company as of January 1, 2019. The impact of the adoption of this standard is disclosed below.

IFRS 16 – Leases ("IFRS 16")

IFRS 16 was issued in January 2016 and replaced IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The adoption of IFRS 16 did not have any financial statement impact on the Company's statements of financial position at transition on January 1, 2019, as the Company does not have any leases in place.

q) Critical Accounting Judgements and Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate, but are not limited to, the following:

Going concern
The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1 of the financial statements.

Share-based compensation and warrant valuation
The Black-Scholes option valuation model used by the Company to determine fair values for stock-based compensation was developed for use in estimating the fair value of freely traded options. This model requires input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

3. Significant Accounting Policy (continued)

q) Critical Accounting Judgements and Estimates (continued)

Deferred taxes
The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of

the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Deferred Flow-Through Premium Estimates
Recorded costs of flow-through share premium liabilities reflect premiums received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainties and requires the Company to assess the value of non-flow-through shares. The determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability. The fair values of the flow-through premiums are disclosed in Note 9 of the financial statements.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

4. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative 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 Company defines capital to include its capital stock, warrants, and contributed surplus components of its shareholders' deficit. The properties in which the Company currently has an interest are in the early exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2019 and 2018.

5. Financial Risks Factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents consist of cash on deposits with banks. Included in taxes and other receivables at December 31, 2019 is $131,698 (2018 - $73,133) relating to sales taxes receivable from various Canadian governments. The remaining balance at December 31, 2019 of $256,497 (2018 - $1,695) relates to balances due from related parties. Management believe that the credit risk concentration with respect to its financial instruments is remote.

Liquidity Risk

The Company's liquidity risk is the risk that Company has insufficient funds to settle its contractual financial liabilities. The Company manages this risk by ensuring sufficient funds are available as contractual cash flows become due.

As at December 31, 2019, the Company had a cash and cash equivalent balance of $847,448 (2018 - $351,991) to settle current liabilities of $1,511,770 (2018 - $1,717,102). As a result, the Company is exposed to liquidity risk.

While the Company has been successful in obtaining required funding in the past, there is no assurance that future financings will be available.

Market Risk

Market risk is the risk of loss that might arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to limited interest rate risk, as it only holds cash and cash equivalents and does not have any interest-bearing debt.

ii) Foreign Currency Risk:

The Company also holds a bank account denominated in United States dollars; therefore, it is subject to risk in fluctuations in the exchange rate of the United States dollar against the Canadian dollar. However, as at December 31, 2019 and 2018, the Company had a minimal balance in its US bank balance; therefore, the impact of any change in the United States dollar versus the Canadian dollar would be insignificant.

(Expressed in Canadian dollars, unless otherwise noted)

6. Cash and Cash Equivalents

Cash and cash equivalents consist of:	December 31, 2019	December 31, 2018
	$	$
Cash deposit	**817,448**	321,991
Cash equivalents	**30,000**	30,000
	847,448	351,991

7. Taxes and other receivables

	December 31, 2019	December 31, 2018
	$	$
Taxes recoverable	**131,698**	73,133
Related party loans (note 14)	**251,497**	-
Other	**5,000**	1,695
	388,195	74,828

8. Equipment

The following tables summarize the Company's fixed asset carrying values as at December 31, 2019 and 2018, respectively:

		2019	
	Cost $	Accumulated Depreciation $	Carrying Value $
Exploration Equipment	83,739	(83,204)	535
Vehicles	52,012	(45,701)	6,312
	135,751	(128,905)	6,847

		2018	
	Cost $	Accumulated Depreciation $	Carrying Value $
Exploration Equipment	83,739	(82,669)	1,069
Vehicles	52,012	(30,097)	21,915
	135,751	(112,766)	22,984

(Expressed in Canadian dollars, unless otherwise noted)

9. Mineral Properties

The Company has ownership interests in the several exploration projects. The Scadding-Powerline-Jovan ("SPJ") project is the main focus of exploration.

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on its current properties:

	SPJ	Holdsworth	Charlevoix	Other	Total
	$	$	$	$	$
Balance, December 31, 2017	-	2,994,174	687,060	9,824,922	13,506,156
Property acquisition costs	57,500	-	-	-	57,500
Exploration expenditures	494,218	216,494	2,158	144,741	857,610
Balance, December 31, 2018	**551,718**	**3,210,668**	**689,218**	**9,969,663**	**14,421,266**
Property acquisition costs	2,257,353	-	-	-	2,257,353
Exploration expenditures	1,144,498	18,529	-	-	1,163,027
Balance, December 31, 2019	**3,953,569**	**3,229,197**	**689,218**	**9,969,663**	**17,841,646**

a) Scadding-Power-Jovan Property

The SPJ property consists of the Scadding, Powerline, Jovan, Blueberry, Loney and Golden Copper properties.

On April 24, 2019, the Company signed definitive agreements with both Northern Sphere Mining Corp. ("Northern Sphere") and Currie Rose Resources Inc. ("Currie Rose"), to purchase a 100% interest in the leases comprising the Scadding Mine, as well as additional mineral claims that surround the permitted Scadding Mine site (collectively, the "Scadding Mine"), which is located east of Sudbury in Northern Ontario. The Scadding Mine is located in Scadding Township near the Wanapitei – Ashigami Lakes district, 40 kilometres east of Sudbury, Ontario. The site was initially mined by Northgate Exploration in the 1980's.

To acquire Northern Sphere's 51% interest in the Scadding Mine and 100% interest in the surrounding claims, the Company, upon satisfaction of certain conditions, will:

- issue 10,000,000 of the Company's common shares upon transfer of title; (10,000,000 shares issued on September 10, 2019 valued at $900,000 - (note 15))
- make a $100,000 cash payment; ($100,000 paid on signing of definitive agreements)
- incur $300,000 in eligible exploration expenditures in the 12-month period following acquisition of the Scadding Mine.

The agreement with Northern Sphere is subject to both a standstill clause and voting requirements. To acquire Currie Rose's 49% interest in the Scadding Mine, the Company upon satisfaction of certain conditions, will:

- issue 8,000,000 of the Company's common shares; (8,000,000 shares were issued on September 4, 2019, the fair value of the shares were $640,000 - (note 15))
- make a $50,000 cash payment on transfer of title; ($50,000 paid on signing of definitive agreements)
- incur $1.5M of eligible exploration expenditures on the leases partially comprising the Scadding Mine over a three-year period.

9. Mineral Properties (continued)

As part of the agreement, Currie Rose retains a 3% Net Smelter Return ("NSR") on the property. Upon reaching commercial production, the Company agrees to pay Currie Rose $2,000,000 upon reaching commercial production in exchange for a reduction of the NSR to 2.5%. An additional 1% of the NSR can be bought back for $1,000,000. 514 Finance Inc. acted as an arms-length advisor for this transaction and the Company issued 2,000,000 common shares for its services. The fair value of the shares issued was $160,000 (note 15).

On July 9, 2019, the Company entered into agreement with Blueberry Cobalt Project Corp. to purchase a 100% interest in certain claims located in greater Sudbury, Ontario. In consideration for the purchase of the mining claims the Company paid $50,000 in cash and issued 3,000,000 common shares. The fair value of the shares issued were $150,000.

On September 2, 2019, the Company entered into an agreement with Klondike Bay Resources (Loney Property) to acquire a 100% interest in 151 claims in the Wanapitei Lake area, 33 kilometres northeast of Sudbury, Ontario. The terms of the purchase agreement were as follows:

- $20,000 and 200,000 shares on signing of agreement,
- $30,000 and 300,000 shares on or before First Anniversary of Agreement
- $30,000 and 250,000 shares on or before Second Anniversary of Agreement

The Company made a cash payment of $20,000 upon signing the definitive agreements. On November 8, 2019, the Company issued 200,000 common shares. The fair value of the shares issued was $20,000 (note 15).

On October 2, 2019, the Company entered into an agreement with Golden Copper Corp. to purchase 100% interest in 38 mining claims located 35 kilometres from downtown Sudbury, Ontario. The Company made a cash payment of $5,000 upon signing the definitive agreements. On November 8, 2019, the Company issued 1,875,000 common shares. The fair value of the shares issued was $187,500 (note 15).

On July 18, 2018, the Company announced it acquired an option to earn 100% interests in the Jovan and Powerline properties. The purchase price was structured to be payable over a three-year period and included cash payments totaling $225,000, the issuance of commons shares valued at $180,000 and the commitment to spend up to $800,000 in exploration activities. The Company made a cash payment of $37,500 upon signing the definitive agreements. On October 5, 2018, the Company issued 500,000 common shares, valued at $20,000 pursuant to the definitive agreement. On August 14, 2019, in accordance with agreement, the Company issued 800,000 common shares, valued at $40,000 (note 15), and paid $45,500 cash.

b) Holdsworth Property

On December 7, 2016 ("the "Effective Date"), the Company entered into an Option and Joint Venture ("JV") agreement ("the Option Agreement") with Noble Mineral Exploration Inc. ("Noble"), to advance exploration on Noble's Wawa-Holdsworth Gold and Silver Project (the "Holdsworth Project"), located 25 kilometres northeast of Wawa, Ontario. Subject to the terms and conditions of the Option Agreement, the Company will have the right to earn up to an undivided 75% interest in the Project, comprising of a first option to earn a 51% base interest and a second option to earn an additional 24% interest. The property covers 18 contiguous patented mining claims covering approximately 285 hectares.

To earn an initial 51% undivided interest ("the Base Interest") in the Holdsworth Project, the Company issued 2,500,000 of its Class A Common Shares and 2,500,000 share purchase warrants to Noble and must incur a minimum of $1,200,000 in expenditures in the 18-month period following the Effective Date. The share purchase warrants have an exercise price of $0.15 and expire 3 years from the date of issue. The Company issued the common shares and share purchase warrants on January 12, 2017. To earn the additional 24% undivided interest, the Company shall incur a further $1,000,000 of expenditures on or before the second anniversary of the date the 51% interest is exercised and the Base Interest is earned and make a payment of $100,000 to Noble.

9. Mineral Properties (continued)

On May 3, 2017, the Option Agreement was replaced with a purchase agreement whereby the Company agreed to acquire the Holdsworth Project from Noble (the "Purchase Agreement"). The purchase price comprised the following: (i) 5,500,000 units of the Company; (ii) the granting a 1.5% net smelter return royalty in favour of Noble and (iii) the payment of the equivalent of 5,000 ounces of gold once a mineral reserve or resource has been identified compliant with National Instrument 43-101 guidelines. Each unit shall comprise one common share and one share purchase warrant of the Company, with each share purchase warrant having an exercise price of $0.30 and a 3-year term from the date of issue. The Purchase Agreement supersedes the Option Agreement. Payment of the 5,500,000 units shall be issued in tranches to ensure Noble's shareholdings in the Company does not exceed 9.9%.

On October 25, 2018, the Company announced that it had elected to cease any further work at its Wawa-Holdsworth Project and rather focus its efforts on the Jovan and Powerline properties. The remaining shares and warrants will no longer be issued under the purchase agreement.

As at December 31, 2019, the Company had issued 5,225,000 units to Noble under the Purchase Agreement.

c) Charlexoix-Silica Property

On November 18, 2016, the Company entered into a purchase agreement with 9019-5504 Quebec Inc. to acquire a 100% interest in certain 6 mining claims located in the Province of Quebec known as the Charlevoix Silica Property. In consideration for the purchase of the mining claims, the Company issued 9,000,000 common shares on January 12, 2017 valued at $0.07 per share.

d) McFaulds Lake and Area Properties

The Company has held property in this region of northern Ontario since 2004 and is subject to NSR on certain claims.

On August 5, 2016, the Company entered into an agreement with Noront Resources Ltd. ("Noront") to sell a 75% interest of certain lands in the property through the issuance of 2,318,393 common shares of Noront at a deemed value of $750,000. On the date of the transaction, the fair value of the shares received was $799,846. The Company has a 25% carried interest in the property until such time as an Inferred Mineral Resource has been filed on the property by Noront in accordance with NI 43-101, at which time ("the Notification Date") a Joint Venture shall automatically be deemed to be formed between Noront and the Company.

The Company shall have twenty business days following the Notification Date (the "Conversion Right Exercise Period") in which to make a one-time election to transfer its 25% carried interest in the Property to Noront in exchange for a 1% NSR on the property. If the Company fails to exercise the Conversion Right within the Conversion Right Exercise Period, Noront shall have the option (the "Buy-Back Option"), exercisable for twenty days following the expiry of the Conversion Right Exercise Period, to elect to purchase the Company's 25% carried interest in the Property for a purchase price of $3,000,000 (the "Buy-Back Purchase Price"), payable in cash or Noront shares at the option of Noront.

During the year ended December 31, 2016, the Company completed a Mineral Property Acquisition Agreement with KWG Resources Inc. ("KWG") to sell the mineral claims known as the Hornby Property. In consideration of the claims sold, KWG issued 4,000,000 of its common shares to the Company. On the date of the transaction, the fair value of the shares received was $78,600. The Company retains a 2% NSR on the Hornby Property. KWG can purchase one percent (1%) of the NSR, at any time prior to commencement of production from the claims, by making a cash payment of $1,000,000 to the Company. KWG retains the first right of refusal to purchase the NSR on similar transaction terms should the Company, at its sole discretion, elect to sell the entire (or any part) of the 2% NSR to a bona-fide third party.

(Expressed in Canadian dollars, unless otherwise noted)

10. Accounts Payable and Accrued Liabilities

	December 31, 2019	December 31, 2018
	$	$
Accounts payable	**439,816**	608,525
Accrued liabilities	**35,802**	68,284
	475,618	676,809

11. Deferred premium on Flow-Through Shares

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is subsequently reduced and recorded in the statements of loss and comprehensive loss on a pro-rata basis based on the corresponding eligible expenditures that have been incurred when it is the Company's intention to file the appropriate renunciation forms with the Canadian taxation authorities.

The following table sets out the changes to the deferred premium balances:

		2019 F/T Series		2018 F/T Series		Total
Balance, January 1, 2018	$	-	$	92,400	$	92,400
Recognition of deferred premium		-		-		-
Decrease of deferred premium		-		(89,509)		(89,509)
Balance, December 31, 2018	$	-	$	2,891	$	2,891
Recognition of deferred premium (note 15a)		66,600		-		66,600
Decrease of deferred premium		(23,778)		(2,891)		(26,669)
Balance, December 31, 2019	**$**	**42,822**	**$**	**-**	**$**	**42,822**

12. Provision for flow-through shares

During the year ended December 31, 2015, the Company underwent an audit conducted by the Canada Revenue Agency ("CRA") for the calendar years 2010 to 2013. As a result of the audit, CRA has proposed an adjustment to the amount of qualifying expenditures that were renounced to subscribers aggregating approximately $2,500,000. In addition, CRA has assessed additional Part XII.6 tax of $255,043 to the Company in connection with the shortfall which was paid in January 2017.

As at December 31, 2019, there is a provision of $980,848 (2018 - $1,037,402) representing the maximum amount of tax and penalties related to the 2013 and 2018 shortfall in flow-through eligible exploration expenditures. The Company does not intend to appeal the penalty and taxes imposed by CRA for the years 2010 to 2013. The Company is evaluating the repayment terms. During the year ended December 31, 2019, the Company made cash payments of $56,554 to settle flow-through obligations.

13. Other Income

During the year ended December 31, 2019, the Company provided geophysical consulting services to another mining Company which resulted in a cash payment of $74,000. This was included in the statement of loss and comprehensive loss as other income for the year ended December 31, 2019.

(Expressed in Canadian dollars, unless otherwise noted)

14. Related Party Transactions and Balances

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the Board of Directors and the executive management team. The executive management team comprises the President and Chief Executive Office and Chief Financial Officer.

Compensation for key management personnel of the Company was as follows:

	December 31, 2019	**December 31, 2018**
	$	**$**
Short-term benefits	**117,906**	96,638
Share-based payments	**135,501**	125,847
	253,407	222,485

As of December 31, 2019, the following related party balances were outstanding:

Included in taxes and other receivables is an amount of $251,497 (2018 – $Nil) related to exploration, rent and general and administrative charges from companies under common management. Accounts payable and accrued liabilities was $74,461 (2018 - $216,004). During the year ended December 31, 2019, the Company made a payment of $204,383 to a Company under common management as repayment for a loan with a principal amount of $200,000 and accrued interest of $4,383. The Company also loaned $250,000 to a Company under common management which was paid back subsequent to the year end. Included in accounts payable and accrued liabilities at December 31, 2019 is $34,917 (2018 - $Nil) owing to a corporation controlled by and a former officer of the Company. The amount is unsecured, non-interest bearing with no fixed terms of repayment. During the year ended December 31, 2019, the Company incurred a total of $101,873 for costs of services to the same said corporation controlled by a former officer of the Company.

15. Shareholders' Deficit

a) Share Capital

The Company's authorized capital stock includes an unlimited number of Class "A" common shares (issued 156,257,851 common shares (December 31, 2018 – 85,142,965) having no par value.

On February 1, 2018, the Company issued 725,000 units pursuant to the Holdsworth Property (See Note 9 – Mineral Properties). Each unit comprised one common share and one share purchase warrant of the Company, with each share purchase warrant having an exercise price of $0.30 and a 3-year term from the date of issue.

On September 25, 2018, the Company issued 617,882 common shares to settle $30,894 in connection with the provision for flow-through shares.

On October 5, 2018, the Company issued 500,000 common shares valued at $20,000 pursuant to the Sudbury properties agreements.

On August 13, 2019, the Company closed the first tranche of a non-brokered private placement financing for gross proceeds of $482,000. The Company issued 7,700,00 common share units at a price of $0.05 per unit and 1,940,000 flow-through common shares at a price of $0.05 per share. Each common share unit consisted of one common share and one-half of one common share purchase warrant exercisable for a period of two years at an exercise price of $0.075 per purchase warrant. As part of the financing the Company paid $10,180 cash commission, issued 28,000 compensation shares to some brokers and issued 140,000 non-transferable compensation options giving the holder the option to acquire the shares for a period of 24 months from the date of issuance at an exercise price of $0.05 per

15. Shareholders' Deficit (continued)

compensation option. The fair value of the compensation units and the warrants issuable under the financing was $0.03 per unit. (See Note 15(c) – Warrants).

On August 13, 2019, the Company issued 800,000 shares in connection with the Jovan and Powerline properties acquisition. The fair value of the shares issued was $40,000.

On August 15, 2019, the Company issued 3,000,000 shares in connection with the Blueberry property acquisition. The fair value of the shares issued was $150,000.

On August 26, 2019, the Company closed the second tranche of a non-brokered private placement financing for gross proceeds of $518,000. The Company issued 10,160,000 common share units at a price of $0.05 per unit and 200,000 flow-through common shares at a price of $0.05 per share. Each common share unit consisted of one common share and one-half of one common share purchase warrant exercisable for a period of two years at an exercise price of $0.075 per purchase warrant. As part of the financing the Company paid $34,040 cash commission and issued 656,000 non-transferable compensation options giving the holder the option to acquire the shares for a period of 24 months from the date of issuance at an exercise price of $0.033 per compensation option. The fair value of the compensation units and the warrants issuable under the financing was $0.046 per unit. (See Note 15(c) – Warrants).

On September 4, 2019, the Company issued 8,000,000 shares in connection with the Currie Rose property agreement. The fair value of the shares issued for the property was $640,000. 514 Finance Inc. acted as an arms-length advisor for this transaction and the Company issued 2,000,000 common shares for its services. The fair value of these shares issued was $160,000.

On September 10, 2019, the Company issued 10,000,000 shares in relation to the Northern Sphere property agreement. The fair value of the shares issued were $900,000.

On October 7, 2019, the Company closed a non-brokered financing for aggregate gross proceeds of $1,500,000. Pursuant to the Offering, the Company issued 18,750,000 units at a price of $0.08 per Unit, each such Unit comprised of one Class A common share of the Company and one share purchase warrant. Each Warrant is exercisable to acquire one Common Share for a period of three years from the date of issuance at a price of $0.11 per share. The Company paid a total of $10,750 in service fees in connection with the Offering. The fair value of the warrants issued under the financing was $0.14. (See Note 15(c) – Warrants).

On November 8, 2019, the Company issued a total of 2,075,000 shares in connection with the property acquisitions of the Loney property (200,000 shares) and the Golden Copper property (1,875,000 shares). The fair value of the shares issued was $20,000 and $187,500 respectively.

On December 18, 2019, the Company closed a non-brokered private placement of 1,480,000 flow-through Class A common shares (the "FT Shares") of the Company, at a price of $0.125 per FT Share for gross proceeds of $185,000. In connection with this closing, the Company paid finders fees of $7,000 and issued 56,000 compensation warrants, with each compensation warrant exercisable to acquire one Class A common share of the Company at a price of $0.125 per share. The fair value of the compensation warrants issuable under the financing was $0.05. (See Note 15(c) – Warrants). As a result of the flow-through financing the Company recognized a deferred flow-through premium of $66,600. See Note 11.

b) Stock Options

The Company has a stock option plan (the "Plan") pursuant to which the Company's Board of Directors may grant incentive stock options to directors, officers, employees and consultants at the discretion of the Board of Directors. The exercise price and vesting period of any option is fixed by the Board of Directors on the date of grant, in accordance

(Expressed in Canadian dollars, unless otherwise noted)

15. Shareholders' Deficit (continued)

with applicable stock exchange or other regulatory requirements, if applicable. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares.

During the year ended December 31, 2019, the Company granted 3,105,000 stock options. (2018 – 2,825,000) to directors, employees and officers at a weighted average exercise price of $0.10. (2018 - $0.09), These five-year options vested immediately upon grant. The fair value of the stock options granted during the year has been determined to be $247,489 and has been included in the statements of loss and comprehensive loss for the year ended December 31, 2019.

The fair value of the stock options was calculated using the Black-Scholes option pricing model and utilized the following weighted average assumptions: risk-free rate – 1.41% (2018 – 2.03); volatility - 262% (2018 – 316%); expected life - 5 years (2018 – 5 years); dividend yield - 0% (2018 – 0%) and forfeiture rate - 0% (2018 – 0%) and resulted in a weighted average fair value of $0.08 per stock option. (2018 - $0.06 per stock option).

Number of Stock Options Outstanding		Black-Scholes Value		Exercise Price	Weighted Average Remaining Contractual Life(Years)	Expiry Date
2,305,000	$	433,375	$	0.18	0.69	May 22, 2022
300,000		23,883		0.08	0.12	February 20, 2023
2,225,000		133,454		0.09	0.99	July 18, 2023
3,105,000		247,489		0.10	1.84	September 8, 2024
7,935,000	**$**	**838,200**	**$**	**0.12**	**3.64**	

The following table summarizes the stock option transactions during the years ended December 31, 2019 and 2018:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2017	3,834,500	$	0.26
Granted	2,825,000		0.09
Expired	(368,000)		1.00
Cancelled	(275,000)		0.18
Balance, December 31, 2018	**6,016,500**	**$**	**0.13**
Granted	3,105,000		0.10
Cancelled	(1,186,500)		0.15
Balance, December 31, 2019	**7,935,000**	**$**	**0.12**

c) Warrants

The Company has issued warrants as part of equity financings. The fair value of warrants is recognized upon issuance as an equity reserve until expiration or exercise.

(Expressed in Canadian dollars, unless otherwise noted)

15. Shareholders' Deficit (continued)

c) Warrants (continued)

The following table summarizes the warrant transactions during the years ended December 31, 2019 and 2018.

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2017	32,562,209	$	0.12
Issued	725,000		0.30
Exercised	-		-
Balance, December 31, 2018	**33,287,209**	**$**	**0.12**
Issued	28,532,000		0.10
Expired	(14,539,743)		0.12
Exercised	(4,981,886)		0.10
Balance, December 31, 2019	**42,297,580**	**$**	**0.11**

The fair value of the warrants was estimated using a relative fair value attribution of the Black-Scholes model for pricing options using the following weighted average assumptions:

	2019	2018
Risk-free interest rate	**1.51%**	1.47%
Expected stock volatility	**140%**	213%
Expected life	**2 years**	3 years
Dividend yield	**0%**	0%

Additional information regarding warrants outstanding and exercisable as at December 31, 2019 is as follows:

Grant Date	Expiry Date		Exercise Price	Number of Warrants		Fair Value
December 30, 2016	December 30, 2021	$	0.10	505,325	$	34,969
January 12, 2017	January 12, 2020		0.15	2,500,000		139,250
January 21, 2017	January 21, 2020		0.10	3,550,000		88,152
March 7, 2017	March 7, 2020		0.10	1,548,857		38,232
March 7, 2017	March 7, 2022		0.07	436,398		73,838
June 8, 2017	June 8, 2020		0.30	3,800,000		628,383
August 4, 2017	August 4, 2020		0.30	700,000		115,755
February 1, 2018	February 1, 2021		0.30	725,000		119,886
August 13, 2019	August 13, 2021		0.08	3,850,000		83,800
August 13, 2019	August 13, 2021		0.05	140,000		5,594
August 26, 2019	August 26, 2021		0.08	5,080,000		111,200
August 26, 2019	August 26, 2021		0.05	656,000		21,976
October 7, 2019	October 7, 2022		0.11	18,750,000		676,000
December 19, 2019	December 19, 2021		0.13	56,000		2,853
		$	**0.11**	**42,297,580**	**$**	**2,185,363**

(Expressed in Canadian dollars, unless otherwise noted)

16. Income Taxes

A reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2018 – 26.5%) to the effective tax rate is as follows:

		2019		2018
Net (loss)	$	**(4,281,637)**	$	(1,382,729)
Expected income tax (recovery) expense		**(1,134,633)**		(366,420)
Reconciling items:				
Adjustment to losses not previously recognized		**-**		26,400
Permanent differences		**23,152**		(24,600)
Share issuance costs		**(26,719)**		-
Effect of flow-through renunciation		**77,380**		244,860
Share-based compensation		**65,585**		46,460
Change in tax benefits not recognized		**995,235**		73,300
Net income tax expense	$	-	$	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2019	**2018**
	$	$
Mineral properties	17,785,230	14,656,200
Non-capital losses	11,494,970	10,697,500
Marketable securities	912,280	906,190
Investment tax credits	911,650	911,650
Share issue costs	264,590	287,750
Reserves	522,850	-
Capital losses	47,710	47,710
Property, plant and equipment	137,910	212,430
	32,077,190	27,719,430

(Expressed in Canadian dollars, unless otherwise noted)

16. Income Taxes (continued)

The Canadian non-capital loss carry forwards expire as noted in the table below. The capital loss carry forwards may be carried forward indefinitely, but can only be used to offset capital gains. The investment tax credits will expire from 2025 to 2032. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

Year		Amount
2026	$	469,170
2027		665,050
2028		1,223,960
2029		1,155,540
2030		1,840,700
2031		1,038,320
2032		1,540,520
2033		779,160
2034		230,010
2035		-
2036		372,020
2037		871,680
2038		575,400
2039		733,440
Total	**$**	**11,494,970**

17. Commitments

Flow-through expenditure commitment

The Company completed flow-through share financings that involve a commitment to incur Canadian exploration Expenditures ("CEEs") prior to the end of specific calendar years and to renounce the CEE tax deductions to the subscribers. The flow-through commitment as at December 31, 2019 was $118,951 (2018 - $28,890). As at December 31, 2019, the Company had a shortfall of CEEs of $ Nil (2018 - $28,890).

18. Subsequent Events

i) On February 18, 2020, the Company granted a total of 4,725,000 options to officers, directors, consultants and employees of the Company. The exercise price of the options is $0.08 and the options are exercisable for a period of five years. The options are subject to TSX-V regulations and approval.

ii) Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown

18. Subsequent Events (continued)

the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are
highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

iii) On April 20, 2019, the Company announced that it had completed a non-brokered private placement offering of securities for total gross proceeds of $994,781.The Company issued a total of 7,350,428 flow-through Class A common shares (the “FT Shares”) at a price of $0.07 per FT Share and 7,388,480 non-flow-through units (the “Units”) at a price of $0.065 per Unit. Each Unit is comprised of one Class A common share in the capital of the Company (each, a “Common Share”) and one half non-flow through Common Share purchase warrant (each, a “Warrant”), with each such Warrant being exercisable to acquire one non-flow-through Common Share at a price of $0.10 per share for a period of 24 months following the closing date of the Offering. In connection with the Offering, the Company paid finders fees of $65,242 and issued 396,216 common shares of the Company to such finders in connection with FT Shares and/or Units subscribed for by Purchasers introduced to the Company by such finders (“the Units”).