

Dixie Gold Inc.

(formerly Clean Commodities Corp.)

Financial Statements

December 31, 2019 and 2018

(expressed in Canadian dollars, except where indicated)

Independent Auditor's Report

To the Shareholders of Dixie Gold Inc. (Formerly Clean Commodities Corp.)

Opinion

We have audited the financial statements of Dixie Gold Inc. (Formerly Clean Commodities Corp.) ("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' equity 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 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 the material uncertainty 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 audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information 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 in this auditor's report. 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 Keith L. Gagnon.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
April 27, 2020**

Dixie Gold Inc.

(formerly Clean Commodities Corp.)

Statements of Financial Position

(expressed in Canadian dollars, except where indicated)

	Note	December 31, 2019	December 31, 2018
		\$	\$
Assets			
Current assets			
Cash		1,281,699	1,608,285
Other receivables		18,195	3,817
Prepaid expenses and deposits		10,000	-
Investments	5	-	107,250
Exploration and evaluation assets ("E&EA")	6	1,309,894 903,233	1,719,352 1,392,234
Total assets		2,213,127	3,111,586
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		37,329	18,276
Total liabilities		37,329	18,276
Shareholders' equity			
Share capital	7	10,392,849	10,392,849
Reserves		1,477,307	1,373,307
Deficit		(9,694,358)	(8,672,846)
Total shareholders' equity		2,175,798	3,093,310
Total liabilities and shareholders' equity		2,213,127	3,111,586

Nature of operations (note 1)

Subsequent events (note 13)

Approved by the Board of Directors

"Ryan Kalt"

Director

"Brian Hearst"

Director

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

Dixie Gold Inc.**Statements of Loss and Comprehensive Loss**

(expressed in Canadian dollars, except where indicated)

		For the years ended December 31		
		Note	2019	2018
Expenses			\$	\$
General and administrative	9	319,631		494,811
Professional fees	9	84,821		62,744
Business development expense	1	95,000		-
Marketing and advertising		-		49,548
Share-based compensation	8, 9	104,000		-
Loss before other items		(603,452)		(607,103)
Other items				
Cost recovery	6	-		205,528
Impairment of resource properties	6	(414,563)		-
Interest income		21,702		-
Realized loss on disposal of investments	5	(17,699)		(343,484)
Fair value adjustment on investments		-		(153,309)
Impairment of short term investments		(7,500)		-
Net and comprehensive loss for the year		(1,021,512)		(898,368)
Loss per share				
Basic and diluted		(0.04)		(0.04)
Weighted average number of shares outstanding				
Basic and diluted		25,662,188		25,662,188

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

Dixie Gold Inc.**Statements of Changes in Shareholders' Equity**

(expressed in Canadian dollars, except where indicated)

			Reserves			
	Common shares outstanding	Share capital	Share based compensation reserves	Warrants reserves	Deficit	Total shareholders' equity
		\$	\$	\$	\$	\$
Balance at December 31, 2018	25,662,188	10,392,849	1,055,027	318,280	(8,672,846)	3,093,310
Stock-based compensation	-	-	104,000	-	-	104,000
Net and comprehensive loss for the year	-	-	-	-	(1,021,512)	(1,021,512)
Balance at December 31, 2019	25,662,188	10,392,849	1,159,027	318,280	(9,694,358)	2,175,798

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

Dixie Gold Inc.

Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars, except where indicated)

			Reserves			
	Common shares outstanding	Share capital	Share based compensation reserves	Warrants reserves	Deficit	Total shareholders' equity
		\$	\$	\$	\$	\$
Balance, January 1, 2018	25,191,526	10,184,199	1,055,027	318,280	(7,774,478)	3,783,028
Share subscription receivable received	-	75,000	-	-	-	75,000
Warrant exercises	470,662	133,650	-	-	-	133,650
Net and comprehensive loss for the year	-	-	-	-	(898,368)	(898,368)
Balance at December 31, 2018	25,662,188	10,392,849	1,055,027	318,280	(8,672,846)	3,093,310

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

Dixie Gold Inc.
Statements of Cash Flows

(amounts expressed in Canadian dollars, except where indicated)

	For the year ended December 31,	
	2019	2018
	\$	\$
Cash used from (used in) operating activities		
Net loss for the year	(1,021,512)	(898,368)
Items not affecting cash		
Cost recovery	-	(205,528)
Impairment of resource property	414,563	-
Fair value adjustments on investments	-	153,309
Realized loss on sale of investments	17,699	343,484
Share-based compensation	104,000	-
Impairment of short term investment	7,500	-
	(477,750)	(607,103)
Change in non-cash operating working capital		
(Increase) decrease in other receivables and prepaid expenses and deposits	(24,378)	188,051
Increase (decrease) in accounts payable and accrued liabilities	19,053	(93,563)
	(483,075)	(512,615)
Cash flows from (used in) investing activities		
Option payment received	150,000	125,000
Expenditures on exploration and evaluation assets	(75,562)	(47,950)
Short-term investment	(7,500)	-
Proceeds from the sale of marketable securities	89,551	153,516
	156,489	230,566
Cash flows from (used in) financing activities		
Gross proceeds from warrant and stock option exercises	-	133,650
Share subscription received	-	75,000
	-	208,650
Increase (decrease) in cash	(326,586)	(73,399)
Cash - beginning of the year	1,608,285	1,681,684
Cash - end of the year	1,281,699	1,608,285
Supplemental cash flow information		
Cash interest received	21,702	-
Shares received from property option payments	-	365,000

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

Dixie Gold Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

1 Nature of operations

Dixie Gold Inc. (formerly Clean Commodities Corp.) (the “Company”) was incorporated on August 24, 2011, pursuant to the *Business Corporation Act* (Alberta) and was continued into British Columbia under the *Business Corporation Act* (British Columbia) on November 10, 2015. The Company is extra-provincially registered in the provinces of Saskatchewan and Quebec, as well as in the territories of Nunavut and Northwest Territories. The Company holds mineral tenures for the purpose of exploring for and developing mineral resources and is considered to be in the exploration stage. The Company’s corporate office and principal place of business is Suite 605, 815 Hornby St., Vancouver, B.C., V6Z 2E6. Management believes the Company will realize its assets and discharge its liabilities in the normal course of business however the Company’s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, more immediately, to obtain the necessary financing to meet its obligations and pay liabilities as they become due. External financing, predominantly by the issuance of equity, will be sought to finance the operations of the Company. These uncertainties cast significant doubts regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

On September 23, 2019, the Company announced an intention to spin-out its wholly-owned subsidiary, Western Hemp Corp. (“WHC”) to the Company’s shareholders for listing on a Canadian securities exchange (see news release dated September 23, 2019). WHC, incorporated in British Columbia on June 24, 2019, was a licensed hemp company under the Cannabis Act (Canada). Due to regulatory constraints and unfavourable market conditions, the Company did not further pursue this transaction and WHC was dissolved on December 31, 2019. The Company incurred \$95,000 in business development expenses and incurred a \$7,500 impairment loss upon dissolution.

On May 9, 2019, the Company entered into a letter of intent (“LOI”) to acquire the shares of Pacific North Hemp Inc. (“PNH”) by way of share purchase agreement (the “PNH LOI”) (see news release dated May 13, 2019). On June 4, 2019, the Company terminated the PNH LOI.

Subsequent to year-end, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company’s operations.

2 Basis of presentation

The financial statements of the Company for the year ended December 31, 2019 are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Interpretations Committee (“IFRIC”).

These financial statements were authorized for issue by the Board of Directors on April 27, 2020.

3 Estimates, risks and uncertainties

The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Dixie Gold Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

3 Estimates, risks and uncertainties (continued)

Significant accounting estimates

- a) The inputs used in accounting for share-based compensation in profit or loss.
- b) Amounts of provisions, if any, for environmental rehabilitation and restoration.
- c) The inputs used in the fair value of investments (see note 11)

Significant accounting judgments

- a) The determination of categories of financial assets and financial liabilities.
- b) The assessment of indications of impairment of each mineral property and the related determination of the recoverable amount and write-down of those properties where applicable.
- c) The tax basis of assets and liabilities and related deferred income tax assets and liabilities.
- d) Assessment of the Company's ability to continue as a going concern.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit at banks and other highly liquid short-term investments, which may be settled on demand or within a maximum 90-day period to maturity.

Financial instruments

Classification

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

Measurement

i. Financial assets and liabilities at FVTPL and FVOCI

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income 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 (loss) income. The Company recognizes marketable securities at FVTPL. Elected investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income.

Dixie Gold Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

4 Significant accounting policies (continued)

i. Financial assets and liabilities at amortized cost

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL, are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

ii. Impairment of financial assets at amortized cost

The Company recognizes a forward-looking basis on the expected credit losses ("ECL") model on financial assets that are measured at amortized cost, contract assets and debt instruments carried at FVOCI.

At each reporting date, the Company measures the ECL for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the ECL for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in the statement of net (loss) income, 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. The loss allowance was \$nil as at December 31, 2019.

The following table shows the classification IFRS 9:

Financial assets/liabilities	New classification under IFRS 9
Cash	FVTPL
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE 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.

Where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items. The depreciation method, useful life and residual values are assessed annually.

An item of PPE 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 statement of loss and comprehensive loss. The Company did not have any property, plant and equipment as at December 31, 2019 (December 31, 2018 - \$Nil).

Dixie Gold Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

4 Significant accounting policies (continued)

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in profit or loss in the statement of loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Exploration and evaluation expenditures

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into option arrangements, whereby the Company may transfer part of a mineral interest, as consideration, for an agreement by the optionee to meet certain E&E which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss in the statement of loss and comprehensive loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount and at each reporting period end.

Under IFRS 6 Exploration for and Evaluation of Mineral Resources, one or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- i. The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- ii. Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- iii. Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- iv. Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs. Mineral exploration and evaluation expenditures are classified as intangible assets.

Dixie Gold Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

4 Significant accounting policies (continued)

Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss in the statement of loss and comprehensive loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant rehabilitation obligations.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to warrants reserves.

Dixie Gold Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

4 Significant accounting policies (continued)

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. 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 expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income 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 within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's year is disclosed separately as flow-through share commitments, if any.

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 financing expense until qualifying expenditures are incurred.

Per share amounts

Basic earnings per common share is computed by dividing the net income for the period by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to re-purchase common shares of the Company at the average market price during the period. For the current and prior year, this calculation proved to be anti-dilutive.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss in the statement of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss in the statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss in the statement of loss and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in share-based compensation reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based compensation reserves is credited to share capital, adjusted for any consideration paid. Share-based payments of options which expire unexercised remain in share-based compensation reserves.

Dixie Gold Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

4 Significant accounting policies (continued)

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Mineral tax credit

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and adjustments, if any, resulting from such a review are recorded in the period that the tax filings are amended.

Joint Arrangements

Certain of the Company's activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The financial statements include the Company's interest in the assets, liabilities, revenues, expenses, and cash flows of this type of arrangement. Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements the Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter. Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of to sell and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

New accounting pronouncements

IFRS 16, Leases, new standard contains a single lessee accounting model, eliminating the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements, effective for annual reporting periods beginning on or after January 1, 2019. The adoption of this standard did not have a significant effect on the Company's financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Dixie Gold Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

5 Investments

	Fair value December 31, 2018	Acquisition	Disposition	Realized gain (loss)	Fair value December 31, 2019
	\$	\$	\$	\$	\$
Investments	107,250	-	(89,551)	(17,699)	-

	Fair value December 31, 2017	Acquisition	Disposition	Unrealized gain (loss)	Fair value December 31, 2018
	\$	\$	\$	\$	\$
Investments	392,559	365,000	(497,000)	(153,309)	107,250

The Company received 2,250,000 common shares of Azincourt Energy Inc. on April 4, 2017 valued at \$0.22 per share. The shares were part of a March 8, 2017 option agreement entered into by the Company and Azincourt Energy Corp. (formerly Azincourt Uranium Inc.). See Note 6 for details of the transaction. During the year ended December 31, 2018, 600,000 of these common shares were sold for proceeds of \$41,521. During the year ended December 31, 2019, the remaining 1,650,000 common shares of Azincourt Energy Inc. were sold for gross proceeds of \$89,551.

The Company received 500,000 common shares of Cameo Cobalt Corp. (formerly Cameo Resources Corp.) on February 8, 2018 valued at \$0.24 per share. The shares were part of a November 30, 2017 option agreement entered into by the Company and Cameo. See Note 6 for details of the transaction. During the year ended December 31, 2018, 500,000 of these common shares were sold for proceeds of \$111,995.

Dixie Gold Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

6 Exploration and evaluation assets

	Syndicate – Preston Lake	Labrador Trough	Whabouchi Project	Torp Lake & Phoenix Project	Juliet Lithium Project	Red Lake Gold Project	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$
December 31, 2017	367,492	300,052	158,524	393,099	101,818	-	307,771	1,628,756
Geology	-	137	948	29,841	348	-	685	31,959
Tenure and acquisition	-	3,151	-	3,783	9,057	-	-	15,991
Recovery of deferred costs	(125,000)	-	(365,000)	-	-	-	-	(490,000)
Cost recovery	-	-	205,528	-	-	-	-	205,528
December 31, 2018	242,492	303,340	-	426,723	111,223	-	308,456	1,392,234
Tenure and acquisition	-	-	-	8,648	-	52,200	14,714	75,562
Cost recovery	(150,000)	-	-	-	-	-	-	(150,000)
Impairment	-	(303,340)	-	-	(111,223)	-	-	(414,563)
December 31, 2019	92,492	-	-	435,371	-	52,200	323,170	903,233

Dixie Gold Inc.

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6 Exploration and evaluation assets (continued)

Red Lake Gold Project

During the year ended December 31, 2019, the Company acquired a large portfolio of mineral claims situated in the emerging Dixie Gold District near Red Lake, Ontario. The Red Lake Gold Project held by the Company is located adjacent to the Dixie Project being advanced by Great Bear Resources Ltd. The acquired project covers approximately 21,258 ha (52,507 acres) across 1,044 mining claims (see news release, Dixie Gold Inc. Announces Dixie Gold Project, dated December 31, 2019).

On January 14, 2020, the Company further expanded its Red Lake Gold Project through the purchase of an additional 197 mining claims covering 4,011 ha (9,907 acres) (see news release, Dixie Gold Inc. Announces 9,907 Acre Expansion of Red Lake Project, dated January 14, 2020)

The Company is currently reviewing various exploration options for its Red Lake Gold Project.

Western Athabasca Syndicate / Preston Uranium Project

On July 9, 2013, the Company entered into a formal agreement (the "Agreement") with Skyharbour Resources Ltd. ("Skyharbour"), Noka Resources Inc. ("Noka") and Rojo Resources Ltd. ("Rojo"), formerly Lucky Strike Resources Ltd.) to form a strategic alliance, the Western Athabasca Syndicate (the "Syndicate"), which would expand the Company's exploration land coverage, generate working capital, and provide third-party funded exploration on its Preston Uranium Property thereby expediting the Company's ongoing uranium exploration efforts.

Under terms of the Agreement, the Company combined its Preston Uranium Property with Skyharbour's Athabasca Properties to develop and explore a uranium project base (the "Western Athabasca Syndicate Project").

Under the terms of the Agreement, each of the Company, Skyharbour, Noka and Rojo received an option to earn 25% of the combined lands by making a series of cash payments, share payments and incurring exploration expenditures over the two-year earn-in term of the agreement. If carried to completion, the agreement called for \$6,000,000 of exploration on the project over two years. The Company was appointed as the operator of the project (the "Operator"), a role that transitioned to Skyharbour in the third quarter of 2014.

On August 17, 2015, two signatory companies, Noka and Rojo, had their participation interest in the Western Athabasca Syndicate terminated as a result of not fulfilling the final stage of the expenditure requirements related to the drill program that commenced in the third quarter of 2015. The net result to the Company, who met its funding requirement (along with Skyharbour), was an increase in the Company's working interest in the Preston Uranium Project from 25% to 50%. The final exploration stage of the earn-in process for the Syndicate was a drill program that commenced on August 18, 2015, to which the Company contributed its final earn-in obligation of cash of \$322,667.

On March 7, 2017, the Company, in conjunction with Preston Uranium Project partner Skyharbour, executed an option agreement with Orano Canada Inc. (formerly AREVA Resources Canada Inc.) which provides Orano an earn-in option to acquire up to a 70-per-cent working interest in a portion of the Preston uranium project. Under the agreement, Orano will contribute cash and exploration program consideration totalling up to \$8-million in exchange for up to 70 per cent of the applicable project area over six years with a first option where Orano may acquire an initial 51-per-cent working interest in the Preston segment for a period of three years by financing exploration expenditures in the total amount of \$2.8-million and making combined cash payments totalling \$200,000 to the Company and Skyharbour.

On March 27, 2017, the Company, in conjunction with Preston Uranium Project partner Skyharbour, executed an option agreement with Azincourt Energy Corp. (formerly Azincourt Uranium Inc.) ("Azincourt") which provides Azincourt an earn-in option to acquire a 70-per-cent working interest in a portion of the Preston uranium project known as the East

Dixie Gold Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

6 Exploration and evaluation assets (continued)

Preston property. Under the agreement, Azincourt will issue 4.5 million listed common shares and contribute cash and exploration expenditure consideration totalling up to \$3.5 million in exchange for up to 70 per cent of the applicable property area over three years. Of the \$3.5 million in project consideration, \$1 million will be in cash payments to the Company and Skyharbour, as well as \$2.5 million in exploration expenditures over a three-year period. Azincourt issued the Company and Skyharbour each 2.25 million common shares upfront for a combined total issuance of 4.5 million common shares.

Whabouchi Project

During the year ended December 31, 2016, the Company acquired tenure related to the Whabouchi Lithium Project (Dumont and Spodumene Lake claim sets) located in Quebec through the payment of certain licensing fees and the granting of a two percent royalty. An exploration program was conducted on the property during calendar 2016.

On November 30, 2017, the Company entered into an option agreement with Cameo Cobalt Corp. (“Cameo”) (formerly Cameo Resources Corp.), whereby Cameo has the option to acquire an 80% interest in the Dumont and Spodumene Lake projects by completing \$5,000,000 of exploration work over a four year period (being the completion of \$500,000 of work in year one, \$1,000,000 of work in year two, \$1,500,000 of work in year three and \$2,000,000 of work in year four), issuing 500,000 common shares (received on February 8, 2018) of Cameo and payment of \$25,000 (received December 29, 2017). As of November 30, 2018 (being the one year anniversary of the option agreement), Cameo had not completed the necessary exploration work required during the first year of the option agreement and as such the Whabouchi Project reverted back to the Company in whole.

Labrador Trough Project

During the year ended December 31, 2016, the Company acquired the tenure related to the Labrador Trough Project located in Quebec through the payment of certain licensing fees and the granting of a two percent royalty. An exploration program was conducted on the property during calendar 2016. The Company did not execute an exploration program on the project and it’s carrying value was impaired during the year ended December 31, 2019.

Juliet Lithium Project

During the year ended December 31, 2016, the Company acquired the tenure related to the Juliet Lithium Project located in Quebec through the payment of certain licensing fees and the granting of a two percent royalty. An exploration program for the Juliet Lithium Project was conducted during the third quarter of 2017 with results announced on September 26, 2017. The Company discontinued this project during the year ended December 31, 2019 and it’s carrying value was fully impaired .

Torp Lake & Phoenix Lithium Projects

On May 20, 2016, the Company acquired the Torp Lake and Phoenix claims from North Arrow Minerals Inc. (“North Arrow”). As consideration for the Torp Lake and Phoenix lithium claims, North Arrow received 2,500,000 pre-consolidated common shares of Company at a fair value of \$0.08 as well as 1,000,000 pre-consolidated common share purchase warrants with an exercise price of \$0.20 per common share exercisable for a two-year period. The warrants expired during the year 2018.

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Notes to the Financial Statements

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6 Exploration and evaluation assets (continued)

During the year ended December 31, 2017, the Company sold a 1% gross royalty on both the Torp Lake and Phoenix Lithium projects to the Chief Executive Officer of the Company for \$10,000 each or \$20,000 total, the proceeds of which were spent at the projects as further described in the Management Discussion & Analysis accompanying these financials.

Isko Gold Project

During calendar 2017, the Company acquired the Isko Gold Project in Quebec in exchange for a cash payment of staking fees and the granting of a two percent royalty. The Company performed a soil sampling program at the project in 2017 and is reviewing potential follow-up exploration options for the project during 2020.

7 Share Capital

- a) The Company's authorized share capital consists of an unlimited number of common shares without par value and unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.
- b) 2019 share capital activities:
 - i) On December 17, 2019, the Company consolidated its common shares on a 4-old-for-1-new basis.
- c) 2018 share capital activities:
 - i) Through the year ended December 31, 2018, 470,662 share purchase warrants were exercised for gross proceeds of \$133,650.
- d) Warrants

	December 31, 2019		December 31, 2018	
	Number of warrants (000's)	Weighted average exercise price	Number of warrants (000's)	Weighted average exercise price
Outstanding - beginning	3,042	\$ 0.40	3,927	\$ 0.60
Exercised	-	-	(471)	(0.28)
Expired	(2,742)	0.40	(414)	(0.60)
Outstanding - ending	300	0.20	3,042	0.40

The following table discloses the number of warrants outstanding as at December 31, 2019:

Number of warrants ('000s)	Price per share	Expiry Date
300	\$ 0.20	July 24, 2020

Dixie Gold Inc.

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8 Share-based Compensation

a) Stock options

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

During the year ended December 31, 2019

On July 22, 2019, 750,000 common share purchase options were granted to officers, directors with a fair value measurement of \$104,000 using Black-Scholes option pricing model with the following weighted average assumptions: share price on issue date of \$0.16, expected life of stock option of 5 years, volatility of 137%, annual rate of dividends of 0.00% and a risk free rate of 2.04%.

	December 31, 2019		December 31, 2018	
	Number of options (000's)	Weighted average exercise price	Number of options (000's)	Weighted average exercise price
Outstanding - beginning	1,736	\$ 0.36	1,786	\$ 0.32
Granted	750	0.20	-	-
Expired or Cancelled	(686)	(0.30)	(50)	(0.20)
Outstanding - ending	1,800	0.31	1,736	0.36

The following table discloses the number of options and vested options outstanding as at December 31, 2019:

Number of options outstanding (‘000s)	Number of options exercisable (‘000s)	Price per share (\$)	Expiry Date
94	94	0.20	February 26, 2020*
325	325	0.20	March 21, 2021
281	281	0.48	June 28, 2021
250	250	0.26	October 26, 2021
300	300	0.56	December 5, 2022
550	550	0.20	July 22, 2024
1,800	1,800		

*Options expired subsequent to year end without being exercised.

9 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. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

	December 31, 2019	December 31, 2018
	\$	\$
Professional fees	30,000	30,000
Consulting	132,500	125,000
Stock-based compensation	58,933	-

As at December 31, 2019, there was \$Nil (2018 - \$Nil) balance owing to related parties.

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Notes to the Financial Statements

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(amounts expressed in Canadian dollars, except where indicated)

10 Capital Management

The Company includes cash and shareholders' equity, comprising of issued common shares, share-based compensation reserves and warrants reserves, deficit and accumulated other comprehensive income (loss) in the definition of capital. 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, exploration and development of mineral properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather rely on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has interests are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds 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 reasonable. There were no changes in the Company's approach to capital management during the period ended December 31, 2019. The Company is not subject to externally imposed capital requirements.

11 Financial Instruments

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

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

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

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

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total December 31, 2019
Cash	\$ 1,281,699	\$ -	\$ -	\$ 1,281,699

	Level 1	Level 2	Level 3	Total December 31, 2018
Cash	\$ 1,608,285	\$ -	\$ -	\$ 1,608,205
Investments	\$ 107,250	\$ -	\$ -	\$ 107,250

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, liquidity risk, commodity price risk, and foreign exchange risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

Concentration Risk

At December 31, 2019, substantially all the Company's cash was held at Canadian national financial institutions. As a result, the Company was exposed to all of the risks associated with these institutions.

Credit Risk

The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The Company's maximum exposure to credit risk is the carrying amount of cash and other receivables on the statement of financial position.

Dixie Gold Inc.

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11 Financial Instruments

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting its cash flows from operations and anticipating investing and financing activities. Senior management is actively involved in the review and approval of planned expenditures. As at December 31, 2019, the Company's working capital of \$1,272,565 (December 31, 2018 - \$1,701,076) is sufficient to meet its short-term business requirements. Future operations or exploration programs will require additional financing primarily through equity markets.

Commodity Price Risk

The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

Foreign Exchange Risk

Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2019, the Company has no monetary assets or liabilities in foreign currencies.

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12 Income tax

For the years ended December 31, 2019 and 2018, the effective tax rate of income tax varies from the statutory rate as follows:

	2019	2018
Statutory tax rates	27.00%	27.00%
Expected income tax recovery at statutory rates	\$ (275,808)	\$ (239,664)
Permanent differences	(12,684)	860
Tax benefit not realized	288,492	238,804
Deferred income tax expense (recovery)	\$ -	\$ -

Nature of deferred income tax assets (liabilities)	2019	2018
Exploration and evaluation assets	\$ (195,000)	\$ (111,000)
Investments	-	35,000
Unused tax losses carried forward	1,093,000	1,106,000
Share issue costs	16,000	29,000
Deferred income tax assets	1,304,000	1,059,000
Unrecognized deferred income tax assets	(1,304,000)	(1,059,000)
Net deferred income tax assets	\$ -	\$ -

As of December 31, 2019 and 2018, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future income at rates prescribed by the Canadian Income Tax Act:

	2019	2018
Non-capital losses carried forward	\$ 3,331,000	\$ 3,407,000
Capital losses carried forward	1,433,000	1,383,000
Cumulative Canadian exploration and development expenses	1,625,000	1,106,000
	\$ 6,389,000	\$ 5,896,000

At December 31, 2019, there are non-capital tax losses of \$3,330,830 (2018 - \$3,405,285) available for carry-forward to reduce future years' taxable income, expiring as follows:

Expiry year	Balance
2031	\$ 296,014
2032	428,795
2033	226,586
2034	266,837
2035	710,878
2036	333,646
2037	352,222
2038	213,987
2039	501,865
	\$ 3,330,830

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13 Subsequent events

On April 9, 2020, the Government of Quebec announced certain COVID-19 relief measures relating to mineral claims situated in the Province of Quebec. The Company anticipates that it stands to be positively impacted by the announced industry measures in terms of potential claim expiry extensions and/or assessment work waivers and is further assessing the impact of the newly announced regulatory relief.

On April 17, 2020, the Company announced that it had entered into amending agreements with Azincourt Energy Corp. and Skyharbour Resources Ltd. concerning the East Preston Uranium Project. Under the amending agreements, Azincourt shall be granted a period extension to March 31, 2021 to 1) deliver the final cash payment and, 2) complete exploration work remaining in connection with respect to Azincourt's earn-in of a 70% interest in certain mineral claims constituting the East Preston Uranium Project. In consideration for the extension, Azincourt has agreed to issue 2,500,000 of its common shares to the Company.