

BARSELE MINERALS CORP.

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INFORMATION CIRCULAR

(As at May 8, 2020 except as otherwise indicated)

MANAGEMENT SOLICITATION

This information circular (the "Circular") is furnished to you in connection with the solicitation of proxies by management of Barsele Minerals Corp. ("we", "us", "Barsele" or the "Company") for use at the annual general meeting (the "Meeting") of shareholders of the Company ("Barsele Shareholders") to be held at 10:30 am (Vancouver time) on Wednesday, June 24, 2020 and at any adjournment of the Meeting. We will conduct the solicitation by mail, and our officers, directors and employees may, without receiving special compensation, contact Barsele Shareholders by telephone, electronic means, or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse Barsele Shareholders, nominees, or agents for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.

GENERAL PROXY INFORMATION

Appointment of Proxyholders

The persons named as proxyholders in the enclosed form of proxy are the Company's directors or officers. **As a Barsele Shareholder, you have the right to appoint a person or company (who need not be a Barsele Shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

Voting by Proxy

The persons named in the accompanying form of proxy will vote or withhold from voting the shares represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your shares will be voted in favour of all matters.

The enclosed form of proxy gives the persons named as proxyholders discretionary authority regarding amendments to or variations of matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. **However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgment.**

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an "X" in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the proxyholders nominated by management will vote the shares represented by your proxy in accordance with their judgment.**

Completion and Return of Proxy

You must deliver the completed form of proxy to the office of the Company's registrar and transfer agent, Computershare Investor Services Inc. (contact information below), or to the Company's head office at the address listed on the cover page of this Circular, by Monday, June 22, 2020 at 10:30 am (Vancouver time), which is not less than 48 hours (Saturdays, Sundays, and holidays excepted) before the scheduled time of the Meeting (or any adjournment, as applicable).

Mail:

Computershare Investor Services Inc.
Proxy Dept.
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

Fax:

Within North America: 1-866-249-7775
Outside North America: 1-416-263-9524

Non-Registered Holders

Only Barsele Shareholders whose names appear on our records or validly appointed proxyholders are permitted to vote at the Meeting. Most Barsele Shareholders are "non-registered" Barsele Shareholders because their shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a "**Nominee**"). If you purchased your shares through a broker, you are likely a non-registered Barsele Shareholder.

Non-registered Barsele Shareholders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as "**NOBOs**". Those non-registered Barsele Shareholders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as "**OBOs**".

In accordance with securities regulatory requirements under National Instrument 54-101- *Communication with Beneficial Owners of Securities of a Reporting Issuer*, we will have distributed copies of the Notice of Meeting, this Circular, and the form of proxy (the "**Meeting Materials**") directly to NOBOs and to the Nominees for onward distribution to OBOs.

Nominees are required to forward the Meeting Materials to each OBO unless the OBO has waived the right to receive them. Management does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials, and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary* and that in the case of an OBO, the objecting beneficial owner will not receive these materials unless the OBO's intermediary assumes the cost of delivery.

Shares held by Nominees can only be voted in accordance with the instructions of the non-registered Barsele Shareholder. Meeting Materials sent to non-registered Barsele Shareholders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a "**VIF**"). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered Barsele Shareholder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered Barsele Shareholder. VIFs, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered Barsele Shareholders to direct the voting of the shares they beneficially own. Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the non-registered holder may request a legal proxy as set forth in the VIF, which will grant the non-registered holder or his/her nominee the right to attend and vote at the Meeting. Non-registered Barsele Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

Revocability of Proxy

If you are a registered Barsele Shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered Barsele Shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or
- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy.

The later proxy or the notice of revocation must be delivered to the office of the Company's registrar and transfer agent or to the Company's head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment or postponement thereof.

If you are a non-registered Barsele Shareholder who wishes to revoke a proxy authorization form or VIF or to revoke a waiver of your right to receive Meeting Materials and to give voting instructions, you must give written instructions to your Nominee in accordance with such Nominee's instructions.

Notice of the Meeting was posted on the Company's SEDAR profile on April 30, 2020.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as set out herein, none of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of common shares without par value (each, a "**Barsele Share**"), of which 122,920,699 Barsele Shares were issued and outstanding as of the record date, being May 8, 2020 (the "**Record Date**"). The Company has only one class of shares, the Barsele Shares.

Persons who are registered Barsele Shareholders at the close of business on the Record Date will be entitled to receive notice of, attend, and vote at the Meeting. On a show of hands, every Barsele Shareholder and proxyholder will have one vote and, on a poll, every Barsele Shareholder present in person or represented by proxy will have one vote for each Barsele Share. In order to approve a motion proposed at the meeting, a majority of more than 50% of the votes cast will be required to pass an ordinary resolution.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no person or company beneficially owns directly or indirectly, controls, or directs shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company, except Gary Cope, who directly and indirectly through his holding company, 683192 B.C. Ltd., has control and direction over 16,925,300 Barsele Shares, representing 13.8% of the voting rights attached to all of the issued and outstanding Barsele Shares, and

options to purchase 2,025,000 Barsele Shares, which, if fully exercised, represent a combined total of 15.4% of the voting rights attached to all issued and outstanding Barsele Shares.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation, Philosophy and Objectives

The Company has appointed a Compensation Committee and adopted a Compensation Committee Charter in order that the Compensation Committee may guide the compensation program. See Appendix B of this Circular for a full copy of the Compensation Committee Charter. The Barsele board of directors (the "**Barsele Board**") meets to discuss and determine management compensation, upon recommendation by the Compensation Committee, without reference to formal objectives, criteria or analysis.

The general objectives of the Company's compensation strategy are to:

- (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value;
- (b) align management's interests with the long-term interests of Barsele Shareholders;
- (c) provide a compensation package that is commensurate with other junior mineral exploration companies to enable the Company to attract and retain talent; and
- (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a natural resource company without a history of earnings.

The Barsele Board, as a whole, ensures that total compensation paid to all Named Executive Officers (as hereinafter defined) is fair and reasonable. The Barsele Board relies on the experience of its members as officers and directors with other junior mining companies in assessing compensation levels. The Barsele Board considered the risks associated with the current compensation program but did not note any potential material adverse effects. No director or Named Executive Officer is permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of the Company's equity securities held directly or indirectly.

Analysis of Elements

Base compensation is used to provide the Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform his responsibilities to the best of his ability and in the best interests of the Company. The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each Named Executive Officer's efforts to increase value for Barsele Shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to directors, officers, consultants and employees periodically at the discretion of the Barsele Board. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's 2017 stock option plan, which was most recently approved by Barsele Shareholders at the annual general and special meeting held on June 13, 2019 (the "**Stock Option Plan**"). The Barsele Board may choose to grant a cash bonus to a Named Executive Officer during the year at its sole discretion. The amount and timing of such bonus will depend on the needs of the Company, the amount of cash in the treasury, and the relative amounts each member of management or consultant earns in fees each month.

Long-Term Compensation and Option-Based Awards

The Company has no long-term incentive plans other than the Stock Option Plan. The Company's directors, officers, employees and consultants are entitled to participate in the Stock Option Plan. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of senior management, employees and other consultants. The Barsele Board believes that the Stock Option Plan aligns the interests of the Named Executive Officers and the Barsele Board with Barsele Shareholders by linking a component of executive compensation to the longer-term performance of the Barsele Shares.

Options to purchase Barsele Shares under the terms of the Stock Option Plan (each, a "**Barsele Option**") are granted by the Barsele Board. In monitoring or adjusting the Barsele Option allotments, the Barsele Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous Barsele Option grants and the objectives set for the Named Executive Officers and the Barsele Board. In addition to determining the number of Barsele Options to be granted pursuant to the methodology outlined above, the Barsele Board also makes the following determinations:

- the parties who are entitled to participate in the Stock Option Plan;
- the exercise price of each Barsele Option granted;
- the date on which each Barsele Option is granted;
- the vesting period, if any, for each Barsele Option;
- the other material terms and conditions of each Barsele Option grant; and
- any re-pricing or amendment to a Barsele Option grant.

The Barsele Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. The Barsele Board reviews and approves grants of Barsele Options periodically during the financial year.

Pursuant to the Stock Option Plan, the Barsele Board grants Barsele Options to directors, officers, employees and consultants as incentives. The number of Barsele Options awarded to a Named Executive Officer is determined by his position and his potential future contributions to Barsele. The exercise price of Barsele Options is determined by the Barsele Board but will in no event be less than the closing trading price of the Barsele Shares on the TSX Venture Exchange (the "**TSX-V**") on the day before a Barsele Option is granted.

The executive officers and Barsele Board refer to the Compensation Committee with respect to setting or amending any equity incentive plans under which share-based or option-based awards are granted. The Compensation Committee carries out these responsibilities in accordance with the Compensation Committee Charter which is included as Appendix B.

Summary of Compensation

For the purposes of this Circular, "**Named Executive Officer**" means each of the following individuals:

- (a) the chief executive officer ("**CEO**") of the Company;
- (b) the chief financial officer ("**CFO**") of the Company;
- (c) the most highly compensated executive officer, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for the year ended December 31, 2019; and

- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity, on December 31, 2019.

Compensation Excluding Compensation Securities

During the financial year ended December 31, 2019, the Company had two Named Executive Officers: Gary Cope, President and CEO, and Ross Wilmot, CFO. The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries for the year ended December 31, 2019. Additional information about the Company in prior years is available on its SEDAR profile at www.sedar.com.

Table of Compensation Excluding Compensation Securities							
Name and Principal Position	Year	Salary or Consulting Fee (\$)	Bonus (\$)	Committee Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Gary Cope, President and CEO and Director	2019	124,500	Nil	N/A	Nil	Nil	124,500
	2018	124,500	20,000	N/A	Nil	Nil	144,500
Ross Wilmot, CFO and Director	2019	118,380	9,583	N/A	Nil	Nil	127,963
	2018	118,380	19,166	N/A	Nil	Nil	137,546
Art Freeze, Geologist and Director	2019	116,640	9,583	N/A	Nil	Nil	126,223
	2018	116,640	38,333	N/A	Nil	Nil	154,973
Rick Sayers, Director	2019	Nil	Nil	N/A	Nil	Nil	Nil
	2018	Nil	Nil	N/A	Nil	Nil	Nil
William H. (Harry) White, Director	2019	Nil	Nil	N/A	Nil	Nil	Nil
	2018	Nil	Nil	N/A	Nil	Nil	Nil

No director was compensated for his services as director during the years ended December 31, 2019 or 2018.

INCENTIVE PLAN AWARDS

The following table discloses the particulars of all compensation securities granted or issued to each director and each Named Executive Officer during the year ended December 31, 2019. No compensation securities were repriced, cancelled and replaced, extended, or otherwise materially modified in the year ending December 31, 2019. All Barsele Options granted to directors or Named Executive Officers vest immediately upon granting. All Barsele Options are non-transferrable.

Stock Options and other Compensation Securities

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of underlying securities, and percentage of class (#)	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Gary Cope, President and CEO and Director ¹	Stock Options	350,000 2.9%	Dec 19, 2019	\$0.53	\$0.53	\$0.50	Dec 19, 2024
Ross Wilmot, CFO and Director ²	Stock Options	300,000 2.5%	Dec 19, 2019	\$0.53	\$0.53	\$0.50	Dec 19, 2024
Art Freeze, Geologist and Director ³	Stock Options	300,000 2.5%	Dec 19, 2019	\$0.53	\$0.53	\$0.50	Dec 19, 2024
Rick Sayers, Director ⁴	Stock Options	100,000 0.8%	Dec 19, 2019	\$0.53	\$0.53	\$0.50	Dec 19, 2024
William White, Director ⁵	Stock Options	100,000 0.8%	Dec 19, 2019	\$0.53	\$0.53	\$0.50	Dec 19, 2024

Exercise of Compensation Securities by Directors and Named Executive Officers

Exercise of Compensation Securities by Directors and NEOs							
Name and Position	Type of Compensation Security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing Price per security on date of Exercise (\$)	Difference between exercise price and closing price on date of Exercise (\$)	Total Value on Exercise Date (\$)
Gary Cope, President and CEO and Director	Stock Options	400,000	0.10	January 16, 2019	0.42	0.32	128,000
Rick Sayers, Director	Stock Options	100,000	0.10	January 16, 2019	0.42	0.32	32,000
William White, Director	Stock Options	100,000	0.10	April 16, 2019	0.46	0.36	36,000

¹ Mr. Cope had a total of 2,025,000 Barsele Options, as of December 31, 2019.

² Mr. Wilmot had a total of 825,000 Barsele Options, as of December 31, 2019.

³ Mr. Freeze had a total of 900,000 Barsele Options, as of December 31, 2019.

⁴ Mr. Sayers had a total of 575,000 Barsele Options, as of December 31, 2019.

⁵ Mr. White had a total of 575,000 Barsele Options, as of December 31, 2019.

Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following, or in connection with retirement.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Under the terms of the Cope Agreement, the Freeze Agreement, and the Wilmot Agreement (each as defined below), in the event of death or as a result of termination due to disability of either Mr. Cope, Mr. Freeze, or Mr. Wilmot, as applicable, the Company will pay and provide 683192 BC Ltd. (for the Cope Agreement), Stillwater Enterprises Ltd. (for the Freeze Agreement), or Cedarwoods Group (for the Wilmot Agreement), as applicable, any accrued consulting fees through to the date of termination and reimbursement for any unreimbursed expenses incurred through to the date of death or termination due to disability.

In the event of a Change of Control (as defined in the Cope, Freeze and Wilmot Agreements) where employment is terminated absent an Event of Default (as defined in the Cope Agreement, the Freeze Agreement and the Wilmot Agreement) in the 12-month period following the Change of Control, 683192 BC Ltd, Stillwater Enterprises Ltd. or Cedarwoods Group, as applicable, is entitled to receive a lump sum payable within 30 days of the date of termination as laid out in the table below. If the Company terminates the Cope Agreement, the Freeze Agreement or the Wilmot Agreement other than for an Event of Default, 683192 BC Ltd, Stillwater Enterprises Ltd. or Cedarwoods Group, as applicable, may be entitled to receive a lump sum payment of up to twelve months' consulting fee.

The following table shows the estimated compensation that would have been payable assuming termination and/or Change of Control events occurred on December 31, 2019:

Name	Payment Upon Retirement, Death or Disability Termination ⁶	Payment Upon Termination due to Change of Control Absent Event of Default ⁷	Payment Upon Termination Other than a Change of Control or an Event of Default
Gary Cope	Nil	\$640,000	\$124,500
Ross Wilmot	Nil	\$230,000	\$49,325
Art Freeze	Nil	\$230,000	\$48,600

Other than as set out above, there are no compensatory plans or arrangements, with respect to any Named Executive Officer, resulting from the resignation, retirement or any other termination of employment of the officer or from a change in control of the Company or a change of any Named Executive Officer's responsibilities following a Change of Control.

The only significant conditions of the Cope Agreement, the Freeze Agreement, and the Wilmot Agreement that apply to the receipt of payments or benefits is the enduring confidentiality clause regarding confidential information, as defined in each respective agreement, and the signing of a mutual release. The provision for breach of the applicable clause is subject to the laws of British Columbia and the laws of Canada applicable therein. There are no other significant factors.

⁶ This amount assumes no consulting fees accrued through to the date of termination and no expenses that have not been reimbursed.

⁷ These amounts do not include GST.

DIRECTOR COMPENSATION

As at the date of this Circular, the Company has five directors, two of whom are also Named Executive Officers. The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services as directors, for committee participation, or for involvement in special assignments during the most recently completed financial year except for the granting from time to time of incentive stock options in accordance with the policies of the TSX-V. None of the Company's directors received any cash compensation for services provided in their capacity as directors during the Company's most recently completed financial year.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2019 regarding the number of Barsele Shares to be issued pursuant to the Stock Option Plan. The Company does not have any equity compensation plans that have not been approved by Barsele Shareholders.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	12,025,000	\$0.54	267,070
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	12,025,000	\$0.54	267,070

INDEBTEDNESS TO COMPANY OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No person who is or at any time since the commencement of the Company's last completed financial year was a director, executive officer or senior officer of the Company, and no associate of any of the foregoing persons has been indebted to the Company at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person, other than amounts not exceeding \$50,000 for travel advances.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company, other than as disclosed in this Circular. An "informed person" means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding

voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and

- (d) the Company if it has purchased, redeemed, or otherwise acquired any of its securities, so long as it holds any of its securities.

MANAGEMENT CONTRACTS

Management functions of the Company are substantially performed by directors or executive officers of the Company and not to any substantial degree by any other person with whom the Company has contracted, other than the following:

1. Pursuant to the consulting agreement between the Company and 683192 B.C. Ltd., a company wholly-owned by Gary Cope, dated September 1, 2015, as amended January 1, 2017 (the "**Cope Agreement**") 683192 B.C. Ltd. provides consulting services to the Company. 683192 B.C. Ltd. of Belcarra, BC is engaged in the business of the management of mineral exploration and development. Under the terms of the Cope Agreement, the Company paid to 683192 B.C. Ltd. a monthly consulting fee of \$10,375 plus applicable GST. The Company or 683192 B.C. Ltd. may terminate the Cope Agreement at any time in accordance with the terms and conditions of the Cope Agreement provided reasonable notice has first been provided to either the Company or 683192 B.C. Ltd., as applicable.
2. Pursuant to the consulting agreement between the Company and Cedarwoods Group, a company wholly-owned by Ross Wilmot, dated September 1, 2015 as amended January 1, 2017 (the "**Wilmot Agreement**"), Cedarwoods Group provides consulting services to the Company. Cedarwoods Group of Surrey, BC is engaged in the business of financial services. Under the terms of the Wilmot Agreement, the Company paid Cedarwoods Group a monthly consulting fee of \$9,865 plus applicable GST. Either of the Company or Cedarwoods Group may terminate the Wilmot Agreement at any time in accordance with the terms and conditions of the Wilmot Agreement provided reasonable notice has first been provided.
3. Pursuant to the consulting agreement between the Company and Stillwater Enterprises Ltd., a company wholly-owned by Arthur Freeze, dated October 1, 2015, as amended April 1, 2016 and January 1, 2017 (the "**Freeze Agreement**"), Stillwater Enterprises Ltd. provides geological consulting services to the Company. Stillwater Enterprises Ltd., of Vancouver, BC is engaged in the business of geological consulting for mineral exploration and development. Under the terms of the Freeze Agreement the Company paid to Stillwater Enterprises Ltd. a monthly consulting fee of \$9,720 plus applicable GST. The Company or Stillwater Enterprises Ltd. may terminate the Freeze Agreement at any time in accordance with the terms and conditions of the Freeze Agreement provided reasonable notice has first been provided.
4. Pursuant to the shared services agreement between the Company and Belcarra Group Management Ltd. ("**Belcarra**") dated January 1, 2017, a company wholly owned by a director of the Company, Belcarra provides management, administrative, office facilities, and other related services including the provision of personnel as may be required by the Company from time to time, with costs allocated on a shared and proportional basis with certain other companies that have also engaged Belcarra to provide these services, including an accountant and Corporate Secretary to the Company in exchange for a variable monthly fee which is calculated as 25% of the total costs incurred by Belcarra for the applicable month (the "**Belcarra Agreement**"). During the year ended December 31, 2019, Belcarra provided services to the Company, as well as to three other publicly traded companies, being Silver Viper Minerals Corp., Orex Minerals Inc., and Dolly Varden Silver Corp., and the cost of such services was allocated on a proportional basis among the four companies at 25% per company. Effective February 29, 2020 (the "**Termination Date**"), Dolly Varden Silver Corp. terminated its relationship with Belcarra under the Belcarra Agreement. Following the Termination Date, the cost of services under the Belcarra Agreement will be allocated among the Company, Silver Viper Minerals Corp. and Orex Minerals Inc. on a proportional basis of 33.33% per company.

CORPORATE GOVERNANCE

The following is a summary of the Company's corporate governance disclosure required by Form 58-101F2 of National Instrument 58-101 - *Disclosure of Corporate Governance Practices*.

Barsele Board

The Barsele Board, at present, is composed of five directors, two of whom are executive officers of the Company and three of whom are considered to be "independent", as that term is defined in applicable securities legislation. Messrs. Arthur Freeze, Rick Sayers, and William White are considered to be independent directors. Mr. Gary Cope, President and CEO, and Mr. Ross Wilmot, CFO, by reason of their respective offices, are not. In determining whether a director is independent, the Barsele Board chiefly considers whether the director has a relationship which could, or could be perceived to, interfere with the director's ability to objectively assess the performance of management.

The Barsele Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Barsele Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Barsele Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff, and complying with applicable regulatory requirements. The Barsele Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans, and annual operating plans.

Directorships

Certain of the directors of the Company are also directors of other reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Name of Other Reporting Issuer (or Equivalent in Foreign Jurisdiction)
Gary Cope	Orex Minerals Inc., Dolly Varden Silver Corp. ⁽¹⁾ , Silver Viper Minerals Corp.
Ross Wilmot	FTC Cards Inc.; Orex Minerals Inc., Silver Viper Minerals Corp., Tilting Capital Corp. ⁽²⁾
Arthur Freeze	Canasil Resources Inc.; Orex Minerals Inc., Silver Viper Minerals Corp.
Rick Sayers	Orex Minerals Inc.
William White	Orex Minerals Inc.

⁽¹⁾ Mr. Cope resigned from the board of directors of Dolly Varden Silver Corp. effective February 18, 2020

⁽²⁾ Mr. Wilmot resigned from the board of directors of Tilting Capital Corp. effective May 7, 2020

Orientation and Continuing Education

The Company has not yet developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Company by meeting with the other directors and with officers and employees. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Barsele Board.

Ethical Business Conduct

The Barsele Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Barsele Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Barsele Board in which the director has an interest, have been sufficient to ensure that the Barsele Board operates independently of management and in the best interests of the Company. Every quarter, the members of the Barsele Board, as well as the Company's officers and senior management, each sign a confirmation acknowledging the Company's code of ethical conduct and the following policies implemented by the Company: (i) conflicts of interest; (ii) insider trading; and (iii) discrimination, harassment, and bullying.

Nomination of Directors

The Barsele Board has not appointed a nominating committee because the Barsele Board fulfills these functions. The Barsele Board periodically reviews suggestions from existing directors regarding potential changes to the Barsele Board.

Compensation

All compensation matters are dealt with by the Barsele Board, based upon recommendations by the Compensation Committee.

To determine compensation payable, the Compensation Committee reviews compensation paid to directors, CEOs, and CFOs of companies of similar size and stage of development. The Compensation Committee determines appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management, while taking into account the financial and other resources of the Company. In setting the compensation, the independent directors annually review the performance of the CEO and CFO in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

In terms of specific experience of the Compensation Committee relevant to the determination of executive compensation, Gary Cope has an extensive history as an executive in the junior resource industry; Rick Sayers has an accounting and management background; and William White has a graduate business school background and management experience.

The Company is a small junior resource company with limited financial resources. The compensation program for senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives including attracting and retaining qualified executives, motivating the short and long-term performance of the executives, and aligning the interests of the executives with those of the Barsele Shareholders.

The Compensation Committee may seek independent compensation advice where appropriate from external consultants in order to assist it in assessing executive remuneration levels and aligning directors and executive remuneration packages with comparable market compensation. The Compensation Committee has not yet engaged such external advice.

Committees of the Barsele Board

The Barsele Board has appointed an Audit Committee, a Compensation Committee, and a Corporate Governance Committee, the members of which are as follows:

Audit Committee	Compensation Committee	Corporate Governance Committee
Gary Cope *Rick Sayers *William White	Gary Cope *Rick Sayers *William White	Gary Cope *Rick Sayers *William White

*Independent

A description of the function of the Audit Committee can be found in this Circular under "Audit Committee". A description of the function of the Corporate Governance Committee can be found under Appendix C.

Assessments

The Barsele Board has not, as yet, adopted formal procedures for assessing the effectiveness of the Barsele Board, its committees or individual directors. The relatively small size of the Company enables the Barsele Board to satisfy itself that individual directors are performing effectively. As the Company grows, the Barsele Board will consider adopting formal procedures for evaluating director and committee performance.

AUDIT COMMITTEE

As at the date of this Circular, the Audit Committee is composed of Gary Cope, Rick Sayers, and William White. Each of Messrs. Sayers and White are independent and all of the members of the Audit Committee are "financially literate". Under this heading, the Company is including the disclosure required by Form 52-110F2 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The text of the Audit Committee Charter is attached in Appendix A.

The Barsele Board and management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

Relevant Education and Experience

Member	Independent/ Not Independent ⁽¹⁾	Financially Literate/ Not Financially Literate ⁽¹⁾	Relevant Education and Experience
Gary Cope	Not Independent	Financially Literate	Mr. Cope is currently the President and CEO of multiple publicly listed companies on the TSX-V. He has served as a director for various private and public companies and has an understanding of the financial issues that affect exploration companies.
Rick Sayers	Independent	Financially Literate	CPA, CA (Chartered Professional Accountant) Retired former VP Finance and Chief Financial Officer for Lordco Parts Ltd.
William White	Independent	Financially Literate	MBA - Harvard Business School.

⁽¹⁾ As defined in NI 52-110 *Audit Committees*

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Barsele Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in Sections 2.4 or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total amount of fees payable to the auditor in the financial year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Under s. 5 (b)(c) and (d) of Form 52-110F2, the Company has not relied on any of the following exemptions:

- (b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*),
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*),
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*)

Pre-Approval Policies and Procedures

The Company has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

External Auditor Service Fees (By Category)

Audit Fees

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2019 for audit and assurance and related services were approximately \$25,000 (2018 - \$25,000).

Audit-Related Fees

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2019 for audit related services were Nil (2018 – Nil).

Tax Fees

The aggregate fees billed for tax compliance, tax advice, and tax planning services by the Company's external auditor for the financial year ended December 31, 2019 were \$1,700 (2018 – Nil).

All Other Fees

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2019 for review of unaudited interim financial statements, compilation of consolidated financial statements, and related services were Nil (2018 - Nil).

Exemption

The Company is relying on the exemption provided in Section 6.1 of NI 52-110 by virtue of the fact that it is a venture issuer. Section 6.1 exempts the Company from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2 *Disclosure by Venture Issuers* and disclosed in this Circular.

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

Directors are elected for a term of one year. The term of office of each of the nominees proposed for election as a director will expire at the Meeting, and each of them, if elected, will serve until the close of the next annual general meeting, unless he resigns or otherwise vacates office before that time.

Number of Directors

Under the Company's articles, the number of directors may be fixed or changed from time to time by ordinary resolution but must not be fewer than three. There are currently five directors and five nominees are proposed by management for election at the Meeting.

Nominations and Voting

Unless you provide other instructions, the enclosed proxy will be voted for the nominees listed below, all of whom are presently members of the Barsele Board. Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the list of nominees listed below, the person named in the proxy will exercise his or her discretionary authority to vote the Barsele Shares represented by the proxy for the election of any other person or persons as directors.

The articles of the Company include rules regarding the requirement for advance notice for the nomination of directors (the "**Advance Notice Provisions**"). The purpose of the Advance Notice Provisions is to provide Barsele Shareholders, directors and management of the Company with direction on the procedure for shareholder nomination of directors. As the first public announcement of the Meeting was filed on the Company's SEDAR profile on April 30, 2020, the deadline for Barsele Shareholders to submit nominations for election to the Barsele Board at the Meeting has passed.

Management Nominees

Management proposes to nominate the persons named in the table below for election as director. The information concerning the proposed nominees has been furnished by each of them as of the date of this Circular:

Name, Jurisdiction of Residence, and Present Office Held	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction Is Exercised	Principal Occupation During the Past Five Years
Gary Cope ^(*) President, CEO and Director BC, Canada	Feb 20, 2013	Direct: 1,776,500 Indirect: 15,148,800 ⁸	Mining Executive, past President of Orko Silver Corp. (junior mining); and current President of the Company
N. Ross Wilmot Chief Financial Officer and Director BC, Canada	Feb 20, 2013	1,816,200	Financial Consultant - Cedarwoods Group (financial consulting); Chief Financial Officer of the Company; and past director and officer of several listed companies
William Henry (Harry) White ^(*) Director BC, Canada	May 9, 2014	Direct: 100,000	President of H. White Consulting (transportation/logistics consulting); and director of the Company

⁸ These Barsele Shares are owned by 683192 B.C. Ltd., a private company wholly-owned by Gary Cope.

Name, Jurisdiction of Residence, and Present Office Held	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction Is Exercised	Principal Occupation During the Past Five Years
Arthur Freeze Director BC, Canada	Feb 20, 2013	Direct: 1,156,500 Indirect: 890,000 ⁹	Consulting Geologist of Stillwater Enterprises Ltd. (geology consulting); director of the Company; and director and officer of several listed companies
Rick Sayers ^(*) Director BC, Canada	Feb 20, 2013	Direct: 171,259 Indirect: 3,741 ¹⁰	Director of the Company; and retired CFO of Lordco Parts Ltd. (automotive parts retail)

(*) Denotes a member of the Audit Committee, Corporate Governance Committee, and Compensation Committee.

No proposed director is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

No proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets. No proposed director of the Company has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of the proposed director.

No proposed director has been subject to any penalties or sanction imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Appointment of Auditor

Unless otherwise instructed, the proxies solicited by management will be voted for the appointment of Davidson & Company LLP, Chartered Professional Accountants, of 1200 – 609 Granville Street, Vancouver, British Columbia, as the Company's auditor to hold office until the next annual general meeting. We propose that the Barsele Board be authorized to fix the remuneration to be paid to the auditor. Davidson & Company LLP was first appointed the Company's auditor by the Barsele Board in February 2013.

The Company's Audit Committee recommends the appointment of Davidson & Company LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as the Company's auditor to hold office until the Company's next annual general meeting.

⁹ 850,000 Barsele Shares are owned by Stillwater Enterprises Ltd., a private company wholly-owned by Arthur Freeze and 40,000 shares are owned by Freeze Family Holdings Ltd.

¹⁰ These Barsele Shares are held in Rick Sayers' TFSA.

Approval of Incentive Stock Option Plan

The only equity compensation plan which the Company currently has in place is the Stock Option Plan which was most recently approved by Barsele Shareholders on June 13th, 2019.

The intention of management with the Stock Option Plan is to give Eligible Persons (defined below) the opportunity to participate in the success of the Company by granting them Barsele Options, thereby giving them an ongoing proprietary interest in the Company. The Stock Option Plan requires the approval of Barsele Shareholders each year in the annual general meeting of Barsele Shareholders in accordance with the TSX-V Policy 4.4 – "*Incentive Stock Options*".

The Stock Option Plan is a rolling plan, with the Company authorized to reserve a maximum of 10% of the issued and outstanding share capital at the time of the grant. As a result, any increase in the number of issued and outstanding Barsele Shares will result in an increase in the number of Barsele Shares available for issuance under the Stock Option Plan.

Terms of the Stock Option Plan

A full copy of the Stock Option Plan will be available at the Meeting for review by Barsele Shareholders. Barsele Shareholders may also obtain copies of the Stock Option Plan from the Company before the Meeting on written request. The following is a summary of the material terms of the Stock Option Plan.

Number of Shares Reserved: The number of Barsele Shares reserved for issuance under the Stock Option Plan will not exceed 10% of the number of Barsele Shares outstanding (on a non-diluted basis) at any given time.

Administration: The Stock Option Plan will be administered by the Barsele Board.

Eligible Persons: Barsele Options may only be issued to directors, senior officers, employees of Barsele or any of its subsidiaries; consultants engaged by Barsele or any of its subsidiaries at the time a Barsele Option is granted; or a company that is wholly-owned by any of the foregoing. Such persons and entities are referred to herein as "**Eligible Persons**".

Barsele Board Discretion: The number of Barsele Shares subject to each Barsele Option, the exercise price, the expiry time, the extent to which such Barsele Option is exercisable, and other terms and conditions relating to such Barsele Option will be determined by the Barsele Board.

Maximum Term of Options: Barsele Options granted under the Stock Option Plan will be for a term not exceeding five years from the date of grant.

Maximum Options per Person: The number of Barsele Shares reserved for issuance to any one Barsele Option holder pursuant to Barsele Options granted under the Stock Option Plan during any 12-month period may not exceed 5% (or, in the case of a consultant, 2%) of the issued and outstanding Barsele Shares at the time of grant. The number of Barsele Shares reserved for issuance to Barsele Option holders who are engaged in Investor Relations Activities is limited to an aggregate of 2% of the issued and outstanding Barsele Shares at the time of grant.

No Assignment: Stock options may not be assigned or transferred.

Termination Before Expiry: Generally, Barsele Options will expire and terminate on a date stipulated by the Barsele Board at the time of grant. If the employment of a Barsele Option holder who is an Eligible Person is terminated without cause, such Barsele Option holder's Barsele Options (vested or unvested) will terminate 90 days following notice of termination or on the expiry of such Barsele Options, whichever is earlier. If the employment of a Barsele Option holder who is an Eligible Person is terminated for cause, such Barsele Option

holder's Barsele Options (vested or unvested) will terminate on the day of termination. If the employment of a Barsele Option holder who is engaged in Investor Relations Activities is terminated, such Barsele Option holder's Barsele Options (vested or unvested) will terminate 30 days following notice of termination or on the expiry of such Barsele Options, whichever is earlier. If a Barsele Option holder dies, the vested Barsele Options of the deceased Barsele Option holder will be exercisable by his/her estate for a period not exceeding 12 months following the date of the deceased Barsele Option holder's death or on the expiry of such vested Barsele Options, whichever is earlier. If a Barsele Option holder ceases to become an Eligible Person by virtue of disability, the Barsele Board may allow such Barsele Option holder to exercise any vested Barsele Options for a period not exceeding 12 months following the date such Barsele Option holder ceased to be an Eligible Person or on the expiry of such vested Barsele Options, whichever is earlier. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of a Barsele Option, such Barsele Option will, at the election of the Company, cease and terminate.

Exercise Price: Subject to any adjustments made pursuant to the Stock Option Plan, Barsele Options granted under the terms of the Stock Option Plan will be exercisable at a price that is not less than the market price of the Barsele Shares as of the date of grant, being the closing sale price of the Barsele Shares on the TSX-V on the last day that Barsele Shares were traded before the date of grant.

Full Payment for Barsele Shares: Barsele will not issue Barsele Shares pursuant to Barsele Options granted under the Stock Option Plan unless and until those Barsele Shares have been fully paid for.

Reduction of Exercise Price: The exercise price of Barsele Options granted to insiders may not be decreased without disinterested shareholder approval.

Change of Control: If a Change of Control Event (as defined in the Stock Option Plan) occurs, then the Barsele Board may authorize and implement one or more of the following actions: (a) accelerate the vesting of any Barsele Options and any Barsele Options that are not exercised or surrendered by the effective time of the Change of Control Event will be deemed to be expired; (b) offer to acquire from each Barsele Option holder his or her Barsele Options for a cash payment equal to the In the Money Amount (as defined in the Stock Option Plan) and any Barsele Options that are not so surrendered by the effective time of the Change of Control Event will be deemed to be expired; and/or (c) deem that a Barsele Option granted under the Stock Option Plan be exchanged for an option to acquire, for the same exercise price, that number and type of securities as would be distributed to a holder of Barsele Options in respect of the Barsele Shares issued to Barsele Option holder had he or she exercised the Barsele Options before the effective time of the Change of Control Event, provided that any such replacement option must provide that it survives for a period of not less than one year from the effective time of the Change of Control Event, regardless of the continuing directorship, officership or employment of the Barsele Option holder.

Termination of Plan: The Stock Option Plan will terminate when it is terminated by Barsele. Any Barsele Options outstanding when the Stock Option Plan is terminated will remain in effect until they are exercised or they expire.

At the Meeting, Barsele Shareholders will be asked to pass an ordinary resolution approving the Stock Option Plan in the following form:

"**BE IT RESOLVED**, as an ordinary resolution, that the Company's 10% rolling stock option plan is ratified, confirmed and approved, including the reserving for issuance under the stock option plan at any time of a maximum of 10% of the issued and outstanding common shares of the Company, subject to regulatory approval, all as more particularly described in the Company's information circular dated May 8, 2020."

Approval of Amendments to Incentive Stock Option Plan

On May 22, 2020, the Barsele Board approved an amendment (the "**Amendment**") to the Stock Option Plan by including a limitation on the number of Options that may be issued to Insiders (as defined in the TSXV Corporate Finance Manual (the "**TSXV Manual**")) of the Company as follows:

"the issuance to Insiders (as a group), within a one-year period, Options exercisable for a number of Shares exceeding 10% of the outstanding Shares at the time of any grant of Options, unless the Company has obtained the requisite approval of disinterested Shareholders pursuant to the requirements of the Exchange Manual"

In accordance with the TSXV Manual, the Amendment is subject to the approval of the Barsele Shareholders. If the Amendment is approved by the Barsele Shareholders, the Stock Option Plan, as amended by the Amendment (the "**Amended Stock Option Plan**"), will supersede and replace the Stock Option Plan and Barsele Options granted under the Stock Option Plan will be deemed to have been granted under the Amended Stock Option Plan. In the event that Barsele Shareholders do not approve the Amendment at the Meeting, the Stock Option Plan (if such plan is approved by Barsele Shareholders at the Meeting) will remain in effect without the Amendment.

At the Meeting, Barsele Shareholders will be asked to pass an ordinary resolution approving the Amendment in the following form:

"**BE IT RESOLVED**, as an ordinary resolution, that the amendment to the Company's 10% rolling stock option plan to include a limit on the number of Options that may be granted to Insiders of the Company, all as more particularly described in the Company's information circular dated May 8, 2020, is hereby ratified, confirmed and approved."

OTHER MATTERS

Management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting and further described in this Circular. Should any other matters properly come before the Meeting, the Barsele Shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on its SEDAR profile at www.sedar.com. Barsele Shareholders may contact the Company at (604) 687-8566 to request that copies be sent to them by mail of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative annual financial statements and MD&A for its most recently completed financial year ended December 31, 2019, which are filed on SEDAR.

DATED this 8th day of May, 2020.

ON BEHALF OF THE BARSELE BOARD

"Gary Cope"
CEO, President and Director

APPENDIX A AUDIT COMMITTEE CHARTER

The purpose of the Audit Committee (the "Committee") is to assist the Barsele Board of Directors in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to the shareholders and others; reviewing the systems of internal controls which management and the Barsele Board of Directors have established; appointing, retaining and overseeing the performance of independent accountants; and overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements. Details of the responsibilities are laid out in National Instrument 52-110 Audit Committees ("NI 52-110").

The Committee will fulfill these responsibilities by carrying out the activities defined below under "Duties and Responsibilities." The Committee shall be given full and direct access to the Barsele Board Chairman, Company executives, and independent accountants as necessary to carry out these responsibilities. However, the Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and condition, or the responsibilities of the independent accountants relating to the audit or review of financial statements.

COMPOSITION OF THE AUDIT COMMITTEE

The Committee shall be comprised of at least three directors, each of whom will be independent to the extent possible and as regulated. No member of the Committee, to the extent possible, shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the preceding year. Each appointed Committee member shall be subject to annual reconfirmation after the Annual General Meeting and may be removed by the Barsele Board of Directors at any time.

All members of the Committee shall be "financially literate" as defined in NI 52-110, meaning that they are able to read and understand fundamental financial statements, including a balance sheet, income statement of financial position and statements of operations and comprehensive loss, shareholders' equity and cash flow statements. At least one member of the Committee shall have been employed previously in finance or accounting, or possess current or former certification in accounting, or any other comparable experience or background, which would result in financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

DUTIES AND RESPONSIBILITIES

To fulfill its duties and responsibilities, the Committee shall:

1. Review annually the Audit Committee Charter for adequacy and recommend any changes to the Barsele Board of Directors.
2. Review the significant accounting principles, policies and practices followed by the Company in accounting for and reporting its financial results of operations in accordance with International Financial Reporting Standards ("IFRS").
3. Review the financial, investment and risk management policies followed by the Company in operating its business activities.

4. Review the Company's annual audited financial statements, related disclosures, including the MD&A portion of the Company's filings, and discuss with the independent accountants the matters required to be discussed by auditing standards, including (a) the quality as well as acceptability of the accounting principles applied in the financial statements, and (b) new or changed accounting policies; significant estimates, judgments, uncertainties or unusual transactions; and accounting policies relating to significant financial statement items. Also review with Management the results of the Company's review of Internal Controls over Financial Reporting for each quarter, and more generally its disclosure controls and procedures.
5. Review any management letters or internal control reports prepared by the independent accountants or auditors and responses to prior management letters, and review with the independent accountants or auditors the Company's internal financial controls.
6. Review the effectiveness of the independent audit effort, including approval of the scope of, and fees charged in connection with, the annual audit, quarterly reviews and any non-audit services being provided.
7. Be directly responsible for the appointment, determination of the compensation for, retention and oversight of the work of the independent accountants employed to conduct the audit (including resolution of disagreements between the independent accountants and management regarding financial reporting) or other audit, review or attest services. The independent accountants shall report directly to the Audit Committee.
8. Pre-approve all audit services and permissible non-audit services by the independent accountants. The Committee may establish pre-approval policies and procedures for the engagement of independent accountants to render services to the Company, including but not limited to policies that would allow the delegation of preapproval authority to one or more members of the Committee, provided that any preapprovals delegated to one or more members of the Committee are reported to the Committee at its next scheduled meeting.
9. Review the hiring policies for any employees or former employees of the independent accountants.
10. Obtain on an annual basis a formal written statement from the independent accountants delineating all relationships between the accountants and the Company, and review and discuss with the accountants any disclosed relationships or services the accountants have with the Company which may affect the accountants' independence and objectivity. The Committee is responsible for taking, or recommending that the full Barsele Board of Directors take appropriate action to oversee the independence of the independent accountants.
11. For each of the first three fiscal quarters and at year end, at a Committee meeting, review with management the financial results, any proposed earnings press release and any formal guidance which the Company may plan to offer.
12. Review management's analysis of any significant accounting issues, changes, estimates, judgments or unusual items relating to the financial statements and the selection, application and effects of critical accounting policies applied by the Company (including an analysis of the effect of alternative methods permitted under IFRS) and review with the independent accountants the reports on such subjects delivered.
13. Review the disclosure required in Form 52-110F2 to be included in the annual management information circular in connection with the Annual General Meeting.
14. Following completion of the annual audit, review separately with the independent accountants and management any significant difficulties encountered during the course of the audit.

15. Engage and determine funding for such independent professional advisers and counsel as the Committee determines are appropriate to carry out its functions hereunder. The Company shall provide appropriate funding to the Committee, as determined by the Committee, for payment of (1) compensation to the independent accountants for services approved by the Committee, (2) compensation to any outside advisers retained by the Committee, and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
16. Report to the Barsele Board of Directors at a subsequent Board meeting on the major events covered by the Committee and make recommendations to the Barsele Board of Directors and management concerning these matters.
17. Perform any other activities consistent with this charter, the Company's Bylaws and governing law as the Committee or the Barsele Board of Directors deems necessary or appropriate, including but not limited to the Company's legal and regulatory compliance.
18. Approve all related party transactions, as defined by regulation to which the Company is a party.
19. Establish procedures for:
 - a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

AUDIT COMMITTEE MEETINGS

The Committee will meet on a regular basis at least four times each year, and will hold special meetings as circumstances require. The timing of the meetings to be scheduled for an upcoming fiscal year shall be determined by the Committee prior to the beginning of such fiscal year. A calendar of proposed meetings will be reviewed by the Committee at the same time as the annual Audit Committee Charter review. The calendar shall include appropriate meetings to be held separately with representatives of the independent accountants and management. In addition, the Committee will meet at any time that the independent accountants believe communication to the Committee is required.

At all Committee meetings a majority of the total number of members shall constitute a quorum. Minutes shall be taken at each meeting of the Committee and retained.

APPENDIX B COMPENSATION COMMITTEE CHARTER

The Compensation Committee, (the "Committee") of Barsele Minerals Corp. (the "Company") under the direction of the Barsele Board of Directors, has overall responsibility for recommending levels of executive compensation in order to attract, hire, retain and motivate the Company's Chief Executive Officer, Chief Financial Officer, and other executive officers (collectively, the "Management") and certain key employees and non-executive officers below the vice-president level (collectively, the "Non-Management Officers") and for recommending compensation of directors. The Committee shall also have such other powers and duties as may be delegated to it by the Barsele Board of Directors from time to time.

The term "compensation" shall include: contractual cash payments, cash, performance bonuses, stock options, contract termination arrangements, and any other compensatory rights or benefits, direct or indirect, as applicable.

COMPOSITION OF THE COMPENSATION COMMITTEE

The Committee shall be comprised of a minimum of three (3) members, each of whom, to the extent possible, shall be "independent" directors, as defined in section 1.4 of NI 52-110. Upon resignation of a member of the Committee, the vacancy shall be filled by appointment by the Barsele Board of Directors as soon as practical.

DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Barsele Board of Directors, the Barsele Board of Directors hereby delegates to the Committee the following powers and duties to be performed by and on behalf of and for the Barsele Board of Directors.

The Committee shall:

1. Review from time to time as required and recommend to the Barsele Board of Directors for approval as necessary the performance targets and corporate goals relevant to Management compensation and evaluate the performance of Management based on such goals.
2. Review from time to time as required and recommend to the Barsele Board of Directors for approval the proposed appointment of any person to Management.
3. Review from time to time as required and recommend to the Barsele Board of Directors for approval the compensation of Management, considering all relevant matters including the long-term and short-term goals of the Company, and the effectiveness of Management in achieving those goals, the skills, qualifications, and level of responsibility of Management, and compensation provided by comparative companies.
4. Review as necessary from time to time and recommend to the Barsele Board of Directors for approval the compensation of Non-Management Officers, considering all relevant matters including the long-term and short-term goals of the Company and the effectiveness of such Non-Management Officers in achieving those goals, the skill, qualifications and level of responsibility of the Non-Management Officers, and compensation provided by comparative companies, provided that such determination shall be subject to any applicable Barsele Board of Directors policies.
5. Administer the Company's stock option plan, and other compensatory plans adopted by the Company and review and recommend to the Barsele Board of Directors for approval all benefits to be granted under such plans to Management and Non-Management Officers as applicable, in accordance with any guidelines established by the Barsele Board of Directors.

6. With the assistance of Management, monitor trends in compensation of directors and management, review and recommend to the Barsele Board of Directors for approval as necessary the Company's compensation policies and plans.
7. Review and recommend to the Barsele Board of Directors for approval all of the Company's executive compensation disclosure, including compensation philosophy, before it is publicly disclosed.
8. Review and recommend to the Barsele Board of Directors for approval all disclosure regarding the Company's stock option plans, and other compensatory plans adopted by the Company that are submitted for shareholder approval.
9. Review from time to time as required and recommend to the Barsele Board of Directors for approval the compensation of directors who serve on the Barsele Board of Directors or its committees, considering all relevant matters including the goals of the Company, the effectiveness of the Barsele Board of Directors, each committee, and each director in achieving their mandates, time commitments of directors, compensation provided by companies comparable to the Company, and levels of responsibility.

The Committee shall have authority to engage outside consultants to review the Company's compensation program.

COMPENSATION COMMITTEE MEETINGS

The Committee will meet on a regular basis at least annually and will hold special meetings as circumstances require. The timing of the meetings to be scheduled for an upcoming fiscal year shall be determined by the Committee prior to the beginning of such fiscal year. A calendar of proposed meeting(s) will be reviewed by the Committee at the same time as the annual Governance review. In addition, the Committee will meet at any time that any Committee member believes is necessary. At all Committee meetings a majority of the total number of members shall constitute a quorum. Minutes shall be taken at each meeting and retained.

The Committee shall conduct a portion of each meeting without the presence of either Management or Non-Management Officers as the Committee deems necessary.

The Committee shall conduct an annual assessment of the Committee Charter for adequacy and recommend any changes to the Barsele Board of Directors.

APPENDIX C GOVERNANCE COMMITTEE CHARTER

The purpose of the Governance Committee is to assist the Board of Directors of Barsele Minerals Corp. in fulfilling its oversight responsibilities with respect to corporate governance in general, and specifically to ensure that the requirements for the Board of Directors and its activities conform to the Company's corporate governance policy, as set out below, the requirements of the Business Corporations Act (British Columbia) and all relevant regulatory bodies.

The shareholders' interest in the business and affairs of the Company are managed through its elected directors, chosen at the annual general and special meeting by shareholder vote. The Board of Directors has the designated responsibility to oversee all aspects of the Company on behalf of the shareholders, including the appointment of executives, the strategy and risk management, and the Company's compliance with legal and regulatory requirements including National Instrument 58-201 *Corporate Governance Principles* ("NI 58-201").

COMPOSITION OF THE GOVERNANCE COMMITTEE

The Governance Committee shall be comprised of not less than three directors, all of whom, to the extent possible, are independent, as defined by the BC Business Corporations Act and applicable regulations. Each member of the Governance Committee shall be appointed annually, for a term not to exceed one year and ending at the annual general and special Meeting of the Company. The Governance Committee may seek the counsel of outside experts, when necessary and reasonable, at the Company's expense.

GOVERNANCE COMMITTEE MEETINGS

The Governance Committee will meet at least once a year for the purposes of reviewing its mandate for the ensuing year, and to review the activities and effectiveness of the Board of Directors as these relate to the Board charter, to determine the selection of Board of Directors member nominees to stand for election for the ensuing year, to review all current and proposed company policies, and to deliberate on any other business which is properly brought before the committee at that time.

At all Governance Committee meetings, a majority of the total number of committee members shall constitute a quorum for the purposes of transacting business, and minutes of each meeting shall be taken and retained. Meetings may be held in person or by teleconference or any combination that the members of the Committee agree to.

An agenda, and materials in support of the items on the agenda, will be circulated at least two days in advance to the members of the Governance Committee. The Agenda will be determined by the Chairman, with input from the Committee members and the assistance of the Corporate Secretary.

BARSELE MINERALS CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Barsele Minerals Corp.

Opinion

We have audited the accompanying financial statements of Barsele Minerals Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 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, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred a net loss of \$2,128,944 for the year ended December 31, 2019 and, as of that date, accumulated losses of \$10,696,392. As stated in Note 1, these events and conditions indicate 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 obtained at the date of this auditor's report includes 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 David Harris.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 18, 2020

BARSELE MINERALS CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year ended December 31, 2019	Year ended December 31, 2018
EXPLORATION EXPENSES		
General exploration (Note 4, 8)	\$ 295,174	\$ 354,328
GENERAL EXPENSES		
Consulting	110,167	119,118
Foreign exchange (gain) loss	18	(269)
Investor relations (Note 8)	273,829	182,941
Management fees (Note 8)	252,463	293,046
Office and administrative (Note 8)	222,718	335,734
Professional fees	43,694	38,632
Share-based payments (Note 5, 8)	919,126	1,554,745
Transfer agent and filing fees	38,341	33,733
	<u>1,860,356</u>	<u>2,557,680</u>
Loss before interest income	(2,155,530)	(2,912,008)
Interest income	<u>26,586</u>	<u>27,319</u>
Loss and comprehensive loss for the year	\$ (2,128,944)	\$ (2,884,689)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding	122,464,261	119,416,428

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

BARSELE MINERALS CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Common Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
Balance, December 31, 2017	113,995,699	\$ 3,739,145	\$ 3,618,663	\$ (5,682,759)	\$ 1,675,049
Options exercised (Note 7)	1,865,000	402,817	(216,317)	-	186,500
Warrants exercised	5,310,000	1,593,000	-	-	1,593,000
Share-based payments (Note 5)	-	-	1,554,745	-	1,554,745
Loss and comprehensive loss	-	-	-	(2,884,689)	(2,884,689)
Balance, December 31, 2018	121,170,699	5,734,962	4,957,091	(8,567,448)	2,124,605
Options exercised (Note 7)	1,750,000	395,565	(220,565)	-	175,000
Share-based payments (Note 5)	-	-	919,126	-	919,126
Loss and comprehensive loss	-	-	-	(2,128,944)	(2,128,944)
Balance, December 31, 2019	122,920,699	\$ 6,130,527	\$ 5,655,652	\$ (10,696,392)	\$ 1,089,787

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

BARSELE MINERALS CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended December 31, 2019	Year ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (2,128,944)	\$ (2,884,689)
Items not affecting cash:		
Share-based payments	919,126	1,554,745
Changes in non-cash working capital items:		
Receivables	18,232	2,647
Prepaid expenses	(15,596)	27,256
Accounts payable and accrued liabilities	(16,526)	(2,759)
Cash used in operating activities	<u>(1,223,708)</u>	<u>(1,302,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from option exercise	175,000	186,500
Proceeds from warrant exercise	<u>-</u>	<u>1,593,000</u>
Cash provided by financing activities	<u>175,000</u>	<u>1,779,500</u>
Increase (decrease) in cash during the year	(1,048,708)	476,700
Cash, beginning of year	<u>2,095,170</u>	<u>1,618,470</u>
Cash, end of year	<u>\$ 1,046,462</u>	<u>\$ 2,095,170</u>
Supplemental disclosure with respect to cash flows (Note 7)		

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Barsele Minerals Corp. (the “Company”) was incorporated under the laws of the Province of British Columbia, Canada on February 20, 2013. The Company’s principal business activities include the acquisition and exploration of mineral properties in Sweden.

The head office of the Company is located at Suite 1130 - 1055 West Hastings Street, Vancouver, BC, Canada, V6C 2E9. The registered address and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada V6C 2X8.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has limited financial resources and no source of operating cash flow. While the Company has been successful in obtaining certain funding in 2018 and 2019, there is no assurance that such future financing will be available or be available on favourable terms. The Company had incurred a loss of \$2,128,944 for the year ended December 31, 2019 and accumulated losses of \$10,696,392 as of December 31, 2019. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

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

Critical Accounting Estimates

The preparation of these financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

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

- a) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders’ equity. The share-based payments expense is estimated using the Black-Scholes option pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company’s common shares, the expected life of the options, and an estimated forfeiture rate.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets

The Company is currently in the exploration stage with its mineral interest. Exploration and evaluation costs include the costs of acquiring concessions, and the fair value, upon acquisition, of mineral properties acquired in a business combination. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale.

Impairment

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

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

Investment in associate

Associated companies over which the Company has significant influence are accounted for using the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received. The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated.

Objective evidence of impairment of equity investment includes:

- Significant financial difficulty of the associated companies;
- Becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
- National or local economic conditions that correlate with defaults of the associated companies.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

Financial instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

a) Classification and measurement of financial assets and liabilities

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets depends on the purpose for which the financial assets were acquired. The Company's financial assets, which consist primarily of cash classified as FVTPL, and receivables classified at amortized cost. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Amortized cost: This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

b) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets are measured at amortized cost and subject to the ECL model.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign exchange

The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

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

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options granted to directors, officers, employees and consultants is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period as an expense, with a corresponding increase in reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital. When the stock options are exercised, the corresponding amount is transferred to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Loss per share

The Company recognizes the dilutive effect on income or loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

Income taxes

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Leases

IFRS 16, published on January 13, 2016, supersedes IAS 17 – Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless a lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to reporting periods beginning on or after January 1, 2019.

The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its lease commitments for its office lease. It will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of retained earnings. The Company applied the following practical expedients permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

As at January 1, 2019 IFRS 16 did not have any impact on the amount recognized in the financial statements. The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. For the year ended December 31, 2019, rent expense included in office and administration of \$60,000 has been incurred.

BARSELE MINERALS CORP.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Expressed in Canadian Dollars)

4. EQUITY INVESTMENT - EXPLORATION AND EVALUATION ASSETS

On September 25, 2015, a 45% interest in the Barsele Project which includes Gunnarn Mining AB and Gunnarn Exploration AB (collectively “Barsele JV”) was transferred from Orex Minerals Inc. (“Orex”) to the Company pursuant to a plan of arrangement. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited (“Agnico”). As part of the joint venture agreement, Agnico committed to spend US \$7 million on Project expenditures over three years and can earn an additional 15% interest in the corporate entity, which owns the Barsele Project, if it completes a pre-feasibility study.

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has earned its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

	December 31, 2019	December 31, 2018
Current assets	\$ 475,103	\$ 806,000
Non-current assets	6,819,390	7,475,115
Current liabilities	11,640,844	7,154,535
Loss for the year	5,412,687	12,330,281
The Company’s ownership %	45%	45%
The Company’s share of loss for the year	\$ Nil	\$ Nil

As at December 31, 2019 and 2018, the Company’s investment in Barsele JV was \$1. The Company’s unrecognized share of the loss for the year ended December 31, 2019 was approximately \$2,435,709 (2018 - \$5,548,627). The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company’s judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Exploration expenses reported for the year ended December 31, 2019 of \$295,174 (2018 – \$354,328) were incurred to meet the Company’s reporting obligations, and to monitor its interest in the Barsele JV, and are non-recoverable.

5. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares without par value.

Stock options and warrants

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the board of directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally for a term of up to five years from the date granted and are exercisable at a price that is not less than the market price on the date granted.

BARSELE MINERALS CORP.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (cont'd...)

Stock options and warrants (cont'd...)

Vesting terms are determined at the discretion of the board of directors. Options issued to consultants providing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

On July 13, 2018, the Company granted 3,200,000 incentive stock options to directors, officers, and consultants. The incentive stock options have an exercise price of \$0.63 per share, expire five years from the date of grant and vest immediately.

On September 20, 2018, the Company granted 50,000 incentive stock options to a consultant. The incentive stock options have an exercise price of \$0.71 per share, expire five years from the date of grant and vest immediately.

On December 19, 2019, the Company granted 2,300,000 incentive stock options to directors, officers and consultants. The incentive stock options have an exercise price of \$0.53 per share, expire five years from the date of grant and vest immediately.

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock options	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, December 31, 2017	5,310,000	\$ 0.30	10,465,000	\$ 0.38
Expired	-	-	-	-
Exercised	(5,310,000)	0.30	(1,865,000)	0.10
Forfeited	-	-	(325,000)	0.93
Granted	-	-	3,250,000	0.63
Outstanding, December 31, 2018	-	-	11,525,000	0.48
Expired	-	-	-	-
Exercised	-	-	(1,750,000)	0.10
Forfeited	-	-	(50,000)	0.71
Granted	-	-	2,300,000	0.53
Outstanding, December 31, 2019	-	-	12,025,000	0.54
Exercisable, December 31, 2019	-	\$ -	12,025,000	\$ 0.54

BARSELE MINERALS CORP.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (cont'd)

Stock options and warrants (cont'd...)

The following stock options to acquire common shares of the Company were outstanding at December 31, 2019:

	Number of Shares	Exercise Price	Expiry Date
Options			
	1,400,000	\$ 0.10	June 26, 2020
	2,000,000	0.10	February 5, 2021
	1,500,000	1.00	November 25, 2021
	1,650,000	0.90	May 3, 2022
	3,175,000	0.63	July 13, 2023
	2,300,000	0.53	December 19, 2024
	12,025,000		

During the year ended December 31, 2019, the Company issued 2,300,000 options (2018 - 3,250,000) options to directors officers and consultants of the Company. During the year ended December 31, 2019, the weighted average fair value of each option granted and vesting was \$0.40 (2018 - \$0.48). The following weighted average assumptions were used for the valuation of stock options:

	2019	2018
Expected option life	5 years	5 years
Risk-free interest rate	1.67%	2.05%
Expected dividend yield	0%	0%
Expected stock price volatility	101%	102%

The share-based payments expense for stock options, vesting during the year ended December 31, 2019 was \$919,126 (2018 - \$1,554,745).

6. CAPITAL MANAGEMENT

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the year.

BARSELE MINERALS CORP.
NOTES TO THE FINANCIAL STATEMENTS
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7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash transactions during the year ended December 31, 2019 included options exercised with a fair value of \$220,565 (2018 - \$216,317).

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2019, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Management fees	\$ 252,463	\$ 282,046
Share-based payments	579,449	680,343
Total	\$ 831,912	\$ 962,389

Other related party transactions are as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Investor relations*	\$ 74,474	\$ 67,128
Management fees*	-	11,000
Office and administration*	199,747	197,776
Geological consulting fees (general exploration)	155,779	189,196
Total	\$ 430,000	\$ 465,100

*Fees paid to a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations and accounting and administration staff to the Company on a shared cost basis.

Included in accounts payable and accrued liabilities as at December 31, 2019 is \$1,078 (December 31, 2018 - \$10,074) due to directors or officers or companies controlled by directors.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

Fair value of financial instruments

The Company has various financial instruments including cash, receivables and accounts payable and accrued liabilities. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of the financial instruments.

Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax (GST), which are recoverable from the governing body in Canada.

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 is exposed to liquidity risk. The Company manages liquidity risk through the management of its capital structure.

Foreign exchange risk

The Company is not subject to significant foreign exchange risk.

Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

Price risk

Mineral prices, in particular gold and silver, are volatile. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

BARSELE MINERALS CORP.
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10. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

	December 31, 2019	December 31, 2018
Exploration and evaluation assets		
Sweden	\$ 1	\$ 1
Canada	-	-

11. INCOME TAXES

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	As at December 31, 2019	As at December 31, 2018
Basic statutory and provincial income tax rate	27%	26%
Loss for the year	\$ (2,128,944)	\$ (2,884,689)
Expected tax recovery	\$ (575,000)	\$ (779,000)
Permanent difference	248,000	420,000
Adjustment to prior years provision versus statutory tax returns	1,000	2,000
Change in unrecognized deductible temporary difference	326,000	357,000
Deferred tax recovery	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	December 31, 2019	Expiry Date Range	December 31, 2018	Expiry
Non-capital losses available for future periods	\$ 4,419,000	2035 - 2039	\$ 3,210,000	2035 - 2038

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

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
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MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Dated: March 18, 2020

Management's Responsibility for Financial Reporting:

The accompanying financial report for the year ended December 31, 2019 has been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Other information contained in this document has also been prepared by management and is consistent with the data contained in the annual financial report.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the financial report and MD&A (together the "filings") do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings.

The Board of Directors approves the financial report together with the other financial information included in the filings and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all corporate filings prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding both the Company's plans and operations included in the "Description of Business" with respect to management's planned exploration and other activities, and in "Liquidity", and "Corporate Summary" regarding management's estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company's common shares, are plans and estimates of management only and actual results and outcomes could be materially different.

Description of Business:

BARSELE, SWEDEN:

The Company is engaged primarily in the acquisition, exploration, and evaluation of mineral properties.

The Barsele Property is located 40 km southeast of the town of Storuman in Västerbottens Län, a regional district of northern Sweden approximately 600 km due north of Stockholm. Exploration in the project area has been ongoing for more than 30 years. From 1985 to 2010, a total of 398 diamond drill holes (43,609 metres) have been drilled and in 2006, Northland Resources S.A. ("Northland") completed a National Instrument 43-101 technical report which contained resource estimates of both indicated and inferred resources and was filed on SEDAR by Northland on April 13, 2006.

On October 27, 2010, The Company's predecessor company, Orex Minerals Inc. ("Orex") announced the acquisition of the Barsele Project from Northland.

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Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

The Central-Avan-Skiråsen (CAS) Zone at Barsele is an orogenic gold deposit, which contains most of the documented gold in the 2006 resource report with a grade similar to other gold deposits in the area. In the CAS Zone, gold mineralization is predominantly within a granodiorite that has been deformed, sheared and intruded by late stage quartz veins and ranges in width from 200 to 500 metres, with a strike-extent in excess of eight kilometres. The Central and Skiråsen Zones have a combined strike length of 1,350 metres and a width of 250 metres. The Avan Zone has a strike length of 1,400 metres and a width varying from 200 to 500 metres. Base metal content of this deposit is typically low.

The Norra Zone, a small massive sulphide deposit, contains the balance of the gold reported in the 2006 resource report although the overall grade for this deposit is higher than at the CAS Zone. In the Norra Zone, sulphide mineralization is exposed in two open trenches in the centre of the drilled zone. Based on drilling, the footprint of the main mineralized body at Norra is 300 metres in strike-length and 50 metres in width.

On February 28, 2011, Orex reported that an independently verified mineral resource estimate had been completed on the Barsele Property. A new estimate was also prepared at this time for the Norra volcanogenic massive sulphide deposit. On April 27, 2011, Orex filed a National Instrument 43-101 compliant technical report on SEDAR.

In May, 2011, Orex initiated a 2,500 line-kilometre airborne geophysical survey of the Barsele Property, performed by SkyTEM Surveys ApS ("SkyTEM") of Denmark. SkyTEM used a helicopter-borne Time-Domain Electromagnetic (TDEM) System which had a transmitter moment of 500,000 NIA to maximize the depth of penetration. The airborne survey yielded high resolution maps of the apparent resistivity/conductivity, total magnetic field, and vertical magnetic derivatives. Following interpretation of the airborne results, in July 2011, Orex reported that there were a significant number of new anomalous targets outside of the known mineralized zones.

In August, 2011, Orex engaged Finland-based SuomenMalmiOy ("SMOY") and LeBel Geophysics to conduct ground follow-up surveys. The majority of the new anomalous targets lie outside of the known mineralized zones. Initially 12 gold targets and 25 VMS targets were outlined as warranting follow-up by way of geological examination, and ground magnetic and induced polarization (IP) and electromagnetic (EM) surveying. SMOY carried out IP surveying, toward detection of the disseminated-style of mineralization associated with the Central, Avan and Skiråsen Zones at Barsele, wherein, gold mineralization is associated with non-magnetic dioritic intrusive rocks, indicated by magnetic lows. A total of 30 line kilometres was completed in four areas.

In addition, 9 VMS targets were surveyed by LeBel Geophysics, utilizing a very low frequency (VLF) EM method, which has proven efficient and successful in characterizing the airborne EM VMS targets. A total of 30 line-kilometres was completed. Preliminary analysis of the VLF-EM surveying suggests an extension of the Norra base/precious metal deposit and shows other VMS targets with favourable geophysical signatures with respect to VMS-style mineralization. Examination of government archives revealed a historic high-grade float boulder discovered within the property grading 33 g/t gold and 7% zinc, which is believed to be associated with one of the anomalies located up-ice within the claims.

After completing the initial phase of ground geophysics, in November 2011, Orex commenced diamond drilling to test both the strike extensions and depth potential of the deposits outlined to date. ProtekNorr AB of Skellefteå, Sweden, was retained to conduct a 6,200 metre diamond drill program. In this first phase of drilling, 16 holes were completed; 12 in the Central Zone and 4 in the Avan Zone. The assay results from the Central Zone expanded the boundaries of the known mineralization, both laterally and vertically.

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Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

On November 7, 2012, Orex reported that an independent updated resource estimate had been completed on the Barsele Property by the consulting firm, Mining Plus. The study concluded that drilling to date on the Central-Avan-Skiråsen Zones, at a 0.6g/t cut-off, outlined an Indicated Resource of 14.1 million tonnes grading 1.21 g/t gold for 547,000 contained ounces of gold. In addition, the study estimated additional Inferred Resources of 20.2 million tonnes grading 0.97 g/t gold for 627,000 contained ounces of gold. The resource estimate was performed to a depth of 300 metres, although gold mineralization is known to occur below this depth.

A new estimate was not prepared for the Norra volcanogenic massive sulphide deposit. In February, 2011, a resource estimate at a 0.6g/t Au cut-off outlined an Indicated Resource of 110,000 tonnes grading 3.13 g/t gold, 30.27 g/t silver, 0.53% copper and 0.72% zinc. The study also estimated additional Inferred Resources of 310,000 tonnes grading 1.62 g/t gold, 12.69 g/t silver, 0.26% copper and 0.42% zinc.

At least three other target areas of known gold and/or base metal mineralization have been reported from the various generations of regional exploration outside the CAS Zone and Norra Zone. Further exploration is also warranted in these zones.

In fiscal 2013, Orex reached an alternative payment arrangement with Barsele Guld with regards to its outstanding deferred consideration obligations. The amended payment terms were as follows:

- (a) Upon receipt of TSX Venture Exchange approval, US\$250,000 in cash and 4,000,000 common shares of Orex.
- (b) On or before December 31, 2013, US\$1,750,000 in cash.

Finally, on October 21, 2013, the terms were altered in that the deferred consideration valued at \$3,974,406 was settled. The value of \$3,974,406 was an increase of \$150,374 from April 30, 2013 due to interest expense of \$64,833 and foreign exchange of \$85,541. The balance was settled with the issuance of 7,500,000 shares of Orex valued at \$1,912,500, and cash of \$257,615 (USD 250,000). As a result, Orex recorded a gain on settlement of deferred consideration in the amount of \$1,804,291. Closure of this amended agreement, giving Orex 100% ownership of the Barsele Project, was announced in a news release dated October 21, 2013.

Total drilling at the end of October, 2015 on the Barsele Project equaled 49,809 metres in 414 drill holes.

On February 23, 2015, Orex announced a Letter of Intent for a joint venture on the Barsele Project with Agnico Eagle Mines Ltd. ("Agnico Eagle"). On August 6, 2015, Orex announced an arrangement agreement to spin out its interest in the Barsele Project to a wholly-owned subsidiary Barsele Minerals Corp. ("the Company"). Completion of the spin out was announced on September 25, 2015. Orex retains a two percent (2%) net smelter royalty on the Barsele project.

On September 25, 2015, the Company was transferred from Orex, a 45% interest in the Barsele Project which include Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV"). The project is now a joint venture transaction with Agnico Eagle Mines Limited with respect to the Company's Barsele Project. As part of the joint venture agreement, Agnico Eagle has committed to spend US \$7 million on Project expenditures over three years and will earn an additional 15% interest in the corporate entity, which owns the Project, if it completes a pre-feasibility study.

On October 20, 2015, the Company announced that an exploration program for the Barsele Project had been approved by Agnico Eagle and the Company, with Agnico Eagle serving as operator, under the guidance of a joint venture technical committee. The 2015 exploration budget totals approximately US\$ 3.25 million and commenced immediately upon announcement.

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Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

Diamond drilling around the existing resource areas, plus along down-plunge extensions was planned for approximately 12,300 metres utilizing four drilling rigs. Additional trenching, structural mapping, till sampling, hyperspectral imaging, plus metallurgical and environmental studies are also underway.

Progress updates on the Barsele Project exploration were distributed on February 29, 2016, April 13, 2016 and May 4, 2016. (Barsele Minerals Corp. news releases). Since October 2015, Agnico Eagle has drilled a total of 25 holes in the Barsele Central and Skiråsen Zones for 13,264 metres as per Agnico Eagle update summary drafted April 29, 2016. On February 29, 2016, the Company announced an intercept in the Skiråsen Zone, hole CNT15016, of 112 metres core length (estimated 84 metres true thickness) grading 2.01 g/t gold. This hole is located 650 metres southeast of the Central Zone. A highlight of the April 13th, 2016 news release is an intercept in the Skiråsen Zone, SKI-15001, of 61 metres core length (estimated 45.75 metres true thickness grading 1.61 g/t gold).

A highlight from the May 4, 2016 news release was a recognition that the Central and Skiråsen gold zones are connected. The combined Central-Skiråsen Zone has a strike length of approximately 1,400 metres and extends from surface to a depth of at least 540 metres, ranging in width from 10 to 150 metres. Mineralization remains open at depth and along strike.

A highlight from the July 14, 2016 news release was a drill intercept from hole SKI-16006 of 69.8 meters grading 1.31 g/t gold, including 25.7 meters grading 2.17 g/t gold from the Skiråsen Zone. This intercept extends the known Skiråsen mineralization by approximately 200 meters down plunge from the 78.8 m intercept in hole SKI-16005.

A highlight from the August 2, 2016 news release was a drill intercept from hole SKI-16007 of 33.0 meters grading 4.08 g/t gold uncut (1.87 g/t gold cut). Drilling in the first half of 2016 totals 8,807 meters and a cumulative total of 17,192 meters has been drilled since the beginning of the joint venture in October 2015.

Highlights from the September 12, 2016 news release relates to drilling along the Avan Zone, where drill hole AVA16-005 intersected 6.0 meters grading 16.20 g/t gold and 26.00 meters grading 2.22 g/t gold and drill hole AVA16-007 intersected 33.40 meters grading 1.68 g/t gold and 8.00 meters grading 3.23 g/t gold.

Highlight results from the October 27, 2016 news release included the extension of the Central Zone 175 meters northwest toward the Avan Zone, where drill hole CNT16-001 intersected 27.00 meters grading 1.80 g/t gold and CNT16-002 intersected 134 meters core length grading 1.11 g/t gold, including 39.00 meters grading 2.41 g/t gold. It was also announced that Agnico Eagle Mines Ltd., increased their Barsele 2016 exploration budget by \$US2.5 million dollars. Planned drill meterage has increased from 19,000 to 36,000 meters.

Highlight results from the November 23, 2016 news release was the confirmation that joint venture partner Agnico Eagle Mines Ltd. had fulfilled its expenditure commitment of \$US7 Million dollars, ahead of the June 11, 2018 deadline.

Highlight result from the December 14, 2016 news release was the result of expansion drilling extending the Central Zone mineralization 345 meters WNW towards the Avan Zone, with hole CNT 16011 yielding 23.0 meters grading 7.90 g/t gold at 275 meters depth.

Highlight results from the January 17, 2017 news release were conversion hole SKI16010 adding continuity to the Skiråsen Zone with 6.0 meters grading 33.46 g/t gold, plus 178.0 meters grading 1.68 g/t gold, plus expansion hole CNT16017 yielding 31.0 meters grading 2.65 g/t gold.

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Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

On February 21, 2017, the Company provided a news release with the announcement that Agnico Eagle has prepared an updated mineral resource estimate for Barsele.

On February 27, 2017, the Company announced that they had retained AMEC Foster Wheeler for a resource review.

Highlight results from the March 6, 2017 news release was the result that validation hole AVA16024 extends Avan mineralization 375 meters NW of the known Avan Zone, plus conversion hole SKI16015 yielded 31.0 meters grading 2.29 g/t gold and conversion hole CNT 16032 yielded 92.0 meters grading 1.63 g/t gold.

The highlight result from the April 4, 2017 news release was infill hole SKI17003 yielding 8 gold intercepts, including 4.0 meters grading 60.18 g/t gold and extending Skiråsen mineralization to 595 meters' depth.

The highlight result from the May 9, 2017 news release was expansion hole SKI16002 yielding 13.0 meters grading 2.15 g/t gold and extending Skiråsen mineralization an added 100 meters to 695 meters' depth, with the gold mineralized system remaining open down plunge to the southeast.

The highlight result from the June 21, 2017 news release was expansion hole CNT17006 that yielded 25.0 meters grading 5.34 g/t gold outlining 100 meters of potential extension to a high-grade intersection first encountered in hole CNT16011.

The highlight result from the September 19, 2017 news release was infill hole CNT17012 that yielded 19.75 meters grading 5.07 g/t gold, indicating continuity along the 100-meter gap between the Central and Skiråsen zones.

Highlights from the October 19, 2017 news release, include the result of metallurgical testing that yielded approximately 92 percent gold recovery, plus drilling at Risberget, 3.7 kilometres to the east-southeast of Skiråsen, that yielded four significant gold hits, with a best result of 15.3 meters grading 1.87 g/t gold.

Highlights from the November 21, 2017 news release include positive results from both gold and massive sulphide targets with, expansion hole CNT17020 yielding 21.0 meters grading 2.96 g/t gold. A regional surface till sampling program was carried out during the summer months. This work has resulted in a broad area with anomalous precious and base metal responses in the northern third of the property, several kilometers to the north of existing drilling. As the Barsele Project was originally discovered using till sampling, these results are considered significant.

Highlights from the January 3, 2018 news release include holes from the Risberget area including RIS17007 that yielded 32.0 meters grading 2.92 g/t gold and RIS17005 that yielded 1.0-meter grading 248.0 g/t gold. At the Norra VMS target area hole NOR17007 yielded 9.5 meters grading 1.40 g/t gold, 10.54 g/t silver, 1.61% zinc. In the Central gold zone, drill hole CNT17028 yielded the deepest gold intersection to date, with 12.0 meters grading 3.61 g/t gold at a midpoint depth of 875 meters below surface. During the month of November 2017, four diamond drilling machines were operational within the property. Three infill drill holes and ten regional exploration drill holes were completed during the month, with three drill holes ongoing at month's end. Twelve holes are reported in this news release of which two are expansion and six are infill, and two are VMS related tests at Norra and two are regional tests at Risberget.

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Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

Highlights from the January 18, 2018 news release include a hit from hole SKI17009 from the Skiråsen Zone, that yielded 95.0 meters grading 1.63 g/t gold, including 30.0 meters grading 2.10 g/t gold. At Avan, hole AVA17034 has extended two gold lodes by 150 meters with a highlight hit of 12.0 meters grading 2.37 g/t gold. Recent drilling has expanded the Risberget gold potential zone from 250 meters to 1,300 meters.

On March 27, 2018 the Company news release provided an update for December 2017 and January 2018 operations on the Property, including 23 holes of diamond drilling results. Drilling by two machines during January completed 1,555.9 metres total. At the Skiråsen Zone, highlight results include hole SKI17015 which cut seven mineralized zones with highlight hits of 11.0 metres core length (estimated 6.0 metres true thickness) grading 4.18 g/t gold at a midpoint depth of 520 metres below surface plus 22.0 metres core length (estimated 12.0 metres true thickness) grading 1.88 g/t gold at a midpoint depth of 565 metres below surface and 4.0 metres core length (estimated 2.2 metres true thickness) grading 3.96 g/t gold at a midpoint depth of 615 metres below surface.

On April 12, 2018, the Company filed on SEDAR an updated mineral resource estimate report entitled "NI 43-101 Technical Report and Mineral Resource Estimate on the Barsele Property" with an effective date of February 15, 2018 for the Avan-Central-Skiråsen gold zones at Barsele, with 15,279,000 tonnes at 2.91 g/t gold, containing 1,427,000 Inferred ounces and 2,399,000 tonnes at 2.50 g/t gold containing 193,000 Indicated ounces (all at a 1.75 g/t gold cut-off grade). Carl Pelletier, P. Geo., B.Sc., of InnovExplo Inc., of Val d'Or, Quebec takes responsibility as Qualified Person for this mineral resource estimate.

On April 16, 2018 the Company news release contained information regarding the February, 2018 drilling and results, which included two diamond drilling machines operating on the Property, for a total of 2,598.9 metres drilled. At the Skiråsen Zone, highlight results include hole SKI17016 which intersected gold mineralization that averaged 2.43 g/t gold uncut (1.86 g/t gold cut) along a core length of 176.0 metres (333.00 metres to 509.00 metres downhole). As project operator, Agnico Eagle has developed a community relations program to engage the various stakeholders in the Barsele Project area. Basic environmental assessment and surface water characterization, species studies and hydrogeology studies are ongoing.

On July 5, 2018, the Company announced an operational update for March through May 2018. Four drills became operational on April 10, 2018. As of the end of May, 2018, 18,252 meters of core has been collected from 43 drill holes, since drilling resumed in early January, 2018. Highlight hits, include Avan drill hole AVA18003, that intersected 9.0 meters core length grading 35.72 g/t gold uncut (5.58 g/t gold cut) at a midpoint depth of 200 metres below surface. AVA18001 cut four gold zones with a best hit of 17.4 metres core length grading 2.54 g/t gold and NOR18007 along the Stentjärnen trend, parallel to Avan-Central- Skiråsen zones, cut 3.2 metres grading 2.97 g/t gold.

On August 13, 2018 the Company announced drill results for the month of June, that include drill hole SKI18003B from the Skiråsen Zone that yielded an intercept of 27.0 metres grading 4.12 g/t gold, while SKI18002 cut six gold zones with a best hit of 9.0 metres grading 3.76 g/t gold and SKI18003 cut 2.0 metres grading 29.17 g/t gold. At the Avan Zone, hole AVA18006 cut 24 metres grading 3.76 g/t gold. At the Central Zone, hole CNT18006 cut 3.0 metres grading 11.12 g/t gold. From January through June 2018, total meterage drilled equalled 21,717 metres from 50 completed core holes.

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Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

On September 20, 2018 the Company announced drill results for the month of July, that include expansion drill hole SKI18004 at the Skiråsen Zone that intersected nine mineralized intervals including 26.55 metres grading 2.43 g/t gold, plus 5.0 metres grading 4.0 g/t gold, plus 14.0 metres grading 4.97 g/t gold, while SKI18005 cut 5.0 metres grading 3.35 g/t gold. At the Central Zone, expansion hole CNT18005 cut 5.0 metres grading 4.71 g/t gold, while CNT18007B cut nine mineralized intervals, including 11.0 metres grading 2.30 g/t gold. From January, 2018 through July, 2018, total meterage drilled equalled 23,127 metres from 53 completed core holes.

On November 14, 2018, the Company announced drill results for the month of August, that include expansion drill hole SKI18007 at the Skiråsen Zone that intersected five mineralized intervals, including a best intercept of 15.0 metres grading 3.74 g/t gold. At the Central Zone, infill drill hole CNT18009, cut 57.0 metres grading 1.60 g/t gold and infill drill hole CNT18008 intersected 58.1 metres grading 1.37 g/t gold. From January, 2018 through August, 2018, total meterage drilled equalled 27,346 metres from 66 completed core holes.

On January 31, 2019, the Company announced remaining results from the drilling of the Avan-Central-Skiråsen zones, with expansion hole AVA18013 at the Avan Zone, intersecting 21.0 metres grading 3.68 g/t gold, while expansion hole AVA18012 cut 16.0 metres grading 2.76 g/t gold. At the Central Zone, expansion hole CNT18012 cut 25.0 metres grading 1.79 g/t gold. Additionally, at Risberget, regional hole RIS18002 cut 9.0 metres grading 1.98 g/t gold and regional hole SKI18009 cut 22.0 metres of semi-massive sulphides. Drilling during 2018 totalled 34,998 metres. Since drilling commenced in late 2015, a total of 135,142 metres of drilling has been completed.

On February 21, 2019, the Company announced an updated mineral resource estimate on the Barsele Property with an effective date of February 14, 2019. The study concludes that diamond drilling to date along the Avan-Central-Skiråsen gold zones at a 0.50 g/t gold cut-off for a pit constrained extraction mining method and a 1.50 g/t gold cut-off for a bulk underground extraction mining method and a 1.80 g/t gold cut-off for a selective underground extraction mining method, has in combination, outlined an Inferred Resource of 25,495,000 tonnes grading 2.54 g/t gold (2,086,000 ounces of contained gold) and an Indicated Resource of 5,578,000 tonnes grading 1.81 g/t gold (324,000 ounces of contained gold). Harold Brisson, P. Eng. and Carl Pelletier, P. Geo., B.Sc., both from InnovExplo Inc., of Val d'Or, Quebec have taken responsibility as Qualified Persons for this mineral resource estimate.

On April 2, 2019, the Company announced the filing of the Barsele Gold Project NI 43-101 Technical Report on SEDAR. The report has been prepared in accordance with Canadian Securities Administrators' National Instrument 43-101 and a copy of the report may be found under the Company's profile at www.sedar.com. and on the Company's website at www.barseleminerals.com.

On August 6, 2019, the Company announced drill results for the months January through June 2019 that include "VMS" drill holes NOR19006 that cut 3.4 metres grading 9.96 g/t gold, 6.34% zinc, 1.72% copper, 94.61 g/t silver, plus NOR19007 that cut 5.0 metres grading 5.09 g/t gold, 41.85 g/t silver, plus NOR19008 that cut 12 metres grading 11.04 g/t gold, 1.44% zinc, 0.29% copper, 74.22 g/t silver, plus NOR19009 that cut 10.0 metres grading 8.86 g/t gold, 5.17% zinc, 1.51% copper, 78.63 g/t silver.

For the 2019-year, meterage drilled at Barsele totaled 12,310 metres in 56 completed core holes. Since assuming management of the Project in 2015, Agnico Eagle has drilled a total of 147,452 metres of overburden penetration and core collection from a total of 367 core holes. Hole AVA19007 yielded 1.0-meter grading 6.57 g/t gold and extended the Avan-Central-Skiråsen gold zones, 600 metres to the northwest, for a known strike length approaching 3.6 kilometres. Regional VMS hole AVA19005 yielded 21.55 metres grading 0.18% zinc, 2.50 g/t silver and Expansion VMS hole NOR19022 yielded 0.80-meter grading 3.89 g/t gold, 0.12% zinc.

Art Freeze, P. Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Barsele Property.

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Results of Operations for the three month periods ended December 31, 2019 and 2018:

During the three-month period ended December 31, 2019, the Company incurred exploration expenses amounting to \$48,309 (2018 - \$157,555). Exploration expenses during the three months ended December 31, 2019 were lower than the three months ended December 31, 2018 and consisted of fees paid to geologists as well as travel costs to visit the property. The three month period ending December 31, 2018 was higher due to fees paid to a third party consultant completing the Company's technical report, which was not needed in 2019. Fees paid to geologists were also decreased during the three month period ending December 31, 2019 than the three month period ending December 31, 2018.

General operating costs totalled \$1,153,043 (2018 - \$261,525) for the three months ended December 31, 2019. These costs primarily included consulting of \$33,667 (2018 - \$42,618), investor relations of \$56,581 (2018 - \$21,290), management fees of \$70,303 (2018 - \$99,886), office and administrative fees of \$55,210 (2018 - \$76,231), professional fees of \$14,662 (2018 - \$8,083), share-based payments of \$919,126 (2018 - \$Nil) and transfer agent and filing fees of \$3,495 (2018 - \$13,420). General operating costs were comparable other than investor relations, office and administrative and share-based payments expense. Investor relations expense increased due to the Company increasing their investor relations needs such as additional publications and travel to conferences. General and administration decreased due to timing of the Company's administrative needs. During the three months ended December 31, 2019 options were granted and vested resulting in a fair value of \$919,126 in share-based payments expense recognized using the Black-Scholes Model. Share-based payments expense of \$Nil for the three months ended December 31, 2018 was due to no options granted or vested in the period.

Interest income for the three months ended December 31, 2019 was \$5,806 (2018 - \$4,281), a result of interest earned on the Company's cash balance.

In summary, the loss in the three month period ended December 31, 2019 amounted to \$1,195,546 (2018 - \$414,799) or \$0.01 (2018 - \$0.00) per share.

Results of Operations for the year ended December 31, 2019 and 2018:

During the year ended December 31, 2019, the Company incurred exploration expenses amounting to \$295,174 (2018 - \$354,328). Exploration expenses in both years consisted of fees paid to geologists, third party consultants assisting with the updated mineral resource report, as well as travel costs to visit the property. Exploration expenses for the year ended December 31, 2019 were lower than December 31, 2018 due to decreased fees paid to geologists and less trips to Sweden.

General operating costs totalled \$1,860,356 (2018 - \$2,557,680) for the year ended December 31, 2019. These costs primarily included consulting of \$110,167 (2018 - \$119,118), investor relations of \$273,829 (2018 - \$182,941), management fees of \$252,463 (2018 - \$293,046), office and administrative fees of \$222,718 (2018 - \$335,734), professional fees of \$43,694 (2018 - \$38,632), share-based payments of \$919,126 (2018 - \$1,554,745) and transfer agent and filing fees of \$38,341 (2018 - \$33,733). General operating costs were comparable other than investor relations, office and administrative and share-based payments expense. Investor relations expense increased due to the Company increasing their investor relations needs such as additional travel to conferences and publications. General and administration decreased due to timing of the Company's administrative needs. The decrease in share-based payments expense was due to the number of stock options granted and vesting during the year ended December 31, 2019 compared to 2018 as well as the fair value calculated using the Black-Scholes option pricing formula.

Interest income for the year ended December 31, 2019 was \$26,586 (2018 - \$27,319), a result of interest earned on the Company's cash balance.

In summary, the loss in the year ended December 31, 2019 amounted to \$2,128,944 (2018 - \$2,884,689) or \$0.02 (2018 - \$0.02) per share.

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Selected Annual Financial Information:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Total revenues	Nil	Nil	Nil	Nil
Loss and comprehensive loss for the year:				
(i) total for the year	\$ 2,128,944	\$ 2,884,689	\$ 2,770,731	\$ 2,122,888
(ii) loss per share – basic and diluted	(0.02)	(0.02)	(0.03)	(0.02)
Net loss:				
(i) total for the year	\$ 2,128,944	\$ 2,884,689	\$ 2,770,731	2,122,888
(ii) loss per share – basic and diluted	(0.02)	(0.02)	(0.03)	(0.02)
Total assets	1,123,878	2,175,222	1,728,425	932,109
Total long-term financial liabilities	-	-	-	-
Cash dividends declared per-share	Nil	Nil	Nil	Nil

Selected Quarterly Financial Information:

	Revenues	(Loss) Gain for the period	(Loss) Gain per share
4 th Quarter ended December 31, 2019	Nil	\$(1,195,546)	\$(0.01)
3 rd Quarter ended September 30, 2019	Nil	\$(286,030)	\$(0.00)
2 nd Quarter ended June 30, 2019	Nil	\$(293,823)	\$(0.00)
1 st Quarter ended March 31, 2019	Nil	\$(353,545)	\$(0.00)
4 th Quarter ended December 31, 2018	Nil	\$(414,799)	\$(0.00)
3 rd Quarter ended September 30, 2018	Nil	\$(1,830,613)	\$(0.02)
2 nd Quarter ended June 30, 2018	Nil	\$(286,641)	\$(0.00)
1 st Quarter ended March 31, 2018	Nil	\$(352,637)	\$(0.00)

During the three month period ended December 31, 2019, the Company incurred exploration expenses amounting to \$48,309 and \$43,831 for the three month period ended September 30, 2019. Exploration expenditures during the three months ended December 31, 2019 consisted of fees paid to geologists, as well as travel costs to visit the property. General operating costs totaled \$1,153,043 during the three months ended December 31, 2019 and \$247,814 during the three months ended September 30, 2019. The increase in operating expenses was mainly due to share-based payments of \$919,126 during the three months ended December 31, 2019 and \$Nil during the three months ended September 30, 2019.

During the three month period ended September 30, 2019, the Company incurred exploration expenses amounting to \$43,831 and \$46,640 for the three month period ended June 30, 2019. Exploration expenditures during the three months ended September 30, 2019 consisted of fees paid to geologists, as well as travel costs to visit the property. General operating costs totaled \$247,814 during the three months ended September 30, 2019 and \$254,380 during the three months ended June 30, 2019, were comparable.

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Selected Quarterly Financial Information (cont'd...)

During the three month period ended June 30, 2019, the Company incurred exploration expenses amounting to \$46,640 and \$156,394 for the three month period ended March 31, 2019. Exploration expenditures during the three months ended March 31, 2019 consisted of fees paid to geologists, third party consultants assisting with the updated mineral resource, as well as travel costs to visit the property. The Company completed its updated mineral resource on April 2, 2019 and therefore had less expenditures relating to this during the three months ended June 30, 2019 compared to the three months ended March 31, 2019. General operating costs totaled \$254,380 during the three months ended June 30, 2019 and \$205,119 during the three months ended March 31, 2019, were comparable.

During the three month period ended March 31, 2019, the Company incurred exploration expenses amounting to \$156,394 and \$157,555 for the three month period ended December 31, 2018 and were comparable and consisted of fees paid to geologists, third party consultants assisting with the updated mineral resource, as well as travel costs to visit the property. General operating costs totaled \$205,119 during the three months ended March 31, 2019 and \$261,525 during the three months ended December 31, 2018, were comparable.

During the three month period ended December 31, 2018, the Company incurred exploration expenses amounting to \$157,555 and \$49,175 for the three month period ended September 30, 2018 and were higher due to increased time commitments by third party consultants assisting with the updated mineral resources. General operating costs totaled \$261,525 during the three months ended December 31, 2018 and \$1,789,951 during the three months ended September 30, 2018. The decrease in operating expenses was mainly due to share-based payments of \$1,554,745 during the three months ended September 30, 2018 and \$Nil during the three months ended December 31, 2018.

During the three month period ended September 30, 2018, the Company incurred exploration expenses amounting to \$49,175 and \$53,110 for the three month period ended June 30, 2018 and were comparable. General operating costs totaled \$1,789,951 during the three months ended September 30, 2018 and \$242,681 during the three months ended June 30, 2018. The increase in operating expenses was mainly due to share-based payments of \$1,554,745 during the three months ended September 30, 2018 and \$Nil during the three months ended June 30, 2018.

During the three month period ended June 30, 2018, the Company incurred exploration expenses amounting to \$53,110 and \$94,488 for the three month period ended March 31, 2018. The decrease was a result of the Company completing its mineral resource estimate during the second quarter of 2018 resulting in decreased exploration expenses. General operating costs totaled \$242,681 during the three months ended June 30, 2018 and \$263,524 during the three months ended March 31, 2018 and were comparable.

During the three month period ended March 31, 2018, the Company incurred exploration expenses amounting to \$94,488, and \$157,248 for the three month period ended December 31, 2017. The Company completed its mineral resource estimate subsequent to March 31, 2018, fees associated with the report were incurred primarily in the fourth quarter of 2017 resulting in higher exploration expenditures for that period. General operating costs totalled \$263,524 for the three months ended March 31, 2018. Operating costs for the three months ended December 31, 2017 excluding share-based payments totaled \$211,284. The difference arose mainly from increased spending on investor relations in the three months ended March 31, 2018 on conferences and marketing materials.

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Liquidity:

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

The operating loss for the year ended December 31, 2019 is \$2,128,944 (2018 - \$ 2,884,689) after adjustments for non-cash items and changes in other working capital balances, cash used in operating activities was \$1,223,708 (2018 - \$1,302,800).

The cash provided by financing activities during the year ended December 31, 2019 consisted of proceeds from option exercises of \$175,000 (2018 - \$186,500) and warrant exercises of \$Nil (2018 - \$1,593,000).

As a consequence, the Company's cash position decreased from an opening level of \$2,095,170 at the beginning of the period to \$1,046,462.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. The Company continues to use various strategies to minimize its dependence on equity capital, included the securing of joint venture partners where appropriate.

Capital Resources:

The Company considers its capital structure to be shareholder equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and relies primarily on the funds derived from the spin-out and future equity financings to meet its capital requirements.

There can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

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Equity investment - exploration and evaluation assets:

On September 25, 2015, a 45% interest in the Barsele Project which included Gunnarn Mining AB and Gunnarn Exploration AB (collectively “Barsele JV”) was transferred from Orex Minerals Inc. (“Orex”) to the Company pursuant to a plan of arrangement. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited (“Agnico”). As part of the joint venture agreement, Agnico committed to spend US \$7 million on Project expenditures over three years and can earn an additional 15% interest in the corporate entity, which owns the Barsele Project, if it completes a pre-feasibility study.

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has completed earning its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

	December 31, 2019	December 31, 2018
Current assets	\$ 475,103	\$ 806,000
Non-current assets	6,819,390	7,475,115
Current liabilities	11,640,844	7,154,535
Loss for the period	5,412,687	12,330,281
The Company’s ownership %	45%	45%
The Company’s share of loss for the period	\$ Nil	\$ Nil

As at December 31, 2019 and 2018, the Company’s investment in Barsele JV was \$1. The Company’s unrecognized share of the loss for the year ended December 31, 2019 was approximately \$2,435,709 (2018 - \$5,548,627). The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company’s judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Exploration expenses reported for the year ended December 31, 2019 of \$295,174 (2018 - \$354,328) were incurred to meet the Company’s reporting obligations, and to monitor its interest in the Barsele JV, and are non-recoverable.

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Related Party Transactions:

During the year ended December 31, 2019, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Management fees (Gary Cope - 683192 BC Ltd; Ross Wilmot - Cedarwoods Group)	\$ 252,463	\$ 282,046
Share-based payments	579,449	680,343
Total	\$ 831,912	\$ 962,389

Other related party transactions are as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Investor relations*	\$ 74,474	\$ 67,128
Management fees*	-	11,000
Office and administration*	199,747	197,776
Geological consulting fees (general exploration) (Arthur Freeze - Stillwater Enterprises Ltd; Velia Ledezma - 683192 BC Ltd.)	155,779	189,196
Total	\$ 430,000	\$ 465,100

* Fees paid to Belcarra Group Management Ltd. a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations and accounting and administration staff to the Company on a shared cost basis.

Included in accounts payable and accrued liabilities as at December 31, 2019 is \$1,078 (December 31, 2018 - \$10,074) due to directors or officers or companies controlled by directors.

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Off Balance Sheet Arrangements:

The Company has no material off balance sheet arrangements in place.

Proposed Transactions:

The Company does not have any material proposed transactions as of March 18, 2020.

Changes in Accounting Policies Including Initial Adoption:

Leases

IFRS 16, published on January 13, 2016, supersedes IAS 17 – Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless a lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to reporting periods beginning on or after January 1, 2019.

The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its lease commitments for its office lease. It will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of retained earnings. The Company applied the following practical expedients permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

As at January 1, 2019 IFRS 16 did not have any impact on the amount recognized in the financial statements. The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. For the year ended December 31, 2019, rent expense included in office and administration of \$60,000 has been incurred.

Capital Management:

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the period.

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Financial and Risk Management:

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

- 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).

(a) Fair value of financial instruments

The Company has various financial instruments including cash and receivables and accounts payable. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable approximates its fair values due to the short-term maturity of the financial instrument.

(b) Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

(c) Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax (GST), which are recoverable from the governing body in Canada.

(d) 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 is exposed to liquidity risk. The Company manages liquidity risk through the management of its capital structure.

(e) Foreign exchange risk

The Company is not subject to significant foreign exchange risk.

(f) Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

(g) Price risk

Mineral prices, in particular gold and silver, are volatile. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

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Outstanding Share Data:

The Company had 122,920,699 common shares issued and outstanding as of March 18, 2020.

Outstanding Options and Warrants:

Stock options and share purchase warrant transactions are summarized as follows:

	Warrants		Stock options	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, December 31, 2017	5,310,000	\$ 0.30	10,465,000	\$ 0.38
Expired	-	-	-	-
Exercised	(5,310,000)	0.30	(1,865,000)	0.10
Forfeited	-	-	(325,000)	0.93
Granted	-	-	3,250,000	0.63
Outstanding, December 31, 2018	-	-	11,525,000	0.48
Expired	-	-	-	-
Exercised	-	-	(1,750,000)	0.10
Forfeited	-	-	(50,000)	0.71
Granted	-	-	2,300,000	0.53
Outstanding, December 31, 2019	-	-	12,025,000	0.54
Outstanding, March 18, 2020	-	-	12,025,000	0.54
Exercisable, March 18, 2020	-	\$ -	12,025,000	\$ 0.54

Events after the reporting period:

None

Additional Information:

Additional information relating to the Company may be accessed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.