



CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CARLIN GOLD CORPORATION

Opinion

We have audited the consolidated financial statements of Carlin Gold Corporation and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated 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 *Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated 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 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$87,356 during the year ended December 31, 2019 and, as of that date, the Company's working capital deficiency is \$344,886. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 comprises of Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 auditors' 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 auditors' report is Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 27, 2020

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Consolidated Statements of Financial Position
As at December 31, 2019 and 2018
(Expressed in Canadian dollars)

	December 31 2019	December 31 2018
Assets		
Current assets:		
Cash	\$ 29,141	\$ 47,876
Accounts receivable	1,779	2,490
Marketable securities (Note 5)	158,333	107,500
Prepaid expenses	137	137
	189,390	158,003
Exploration and evaluation properties (Note 6)	1,809,178	1,765,122
Reclamation bonds	8,103	38,435
	\$ 2,006,671	\$ 1,961,560
Liabilities		
Current liabilities:		
Trade payables and accrued liabilities	\$ 54,314	\$ 54,886
Loan payable to related party (Note 10)	27,164	68,433
Other amounts due to related parties (Note 10)	452,798	278,490
	534,276	401,809
Equity		
Share capital (Note 8)	10,603,291	10,603,291
Reserves - Stock options and warrants (Notes 8b and 8c)	238,542	238,542
Deficit	(9,369,438)	(9,282,082)
	1,472,395	1,559,751
	\$ 2,006,671	\$ 1,961,560

Events subsequent to the end of the year – Note 13

“K. Wayne Livingstone”
Director

“Robert Culbert”
Director

See accompanying notes to consolidated financial statements.



Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
Expenses:		
Accounting and audit	\$ 20,232	\$ 16,340
Insurance	-	7,375
Interest (Notes 7 and 10)	4,282	2,493
Legal fees	3,295	9,779
Management and administration fees (Note 10)	120,000	120,000
Office	2,902	6,353
Regulatory fees	7,738	7,879
Rent	-	6,000
Technical consulting (Note 10)	25,551	24,916
Travel	-	582
Transfer agent fees	2,816	5,128
	(186,816)	(206,845)
Foreign exchange gain (loss)	3,801	(2,932)
Recovery of exploration costs (Note 6b)	79,250	83,024
Loss on sale of marketable securities	(3,900)	(9,675)
Fair value change of marketable securities (Note 5)	50,833	(52,500)
Write-off of exploration and evaluation properties (Note 6e)	(30,524)	(56,796)
Net loss and comprehensive loss for the year	\$ (87,356)	\$ (245,724)
Loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	88,939,464	88,939,464

See accompanying notes to consolidated financial statements.



Consolidated Statements of Equity
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	Share Capital		Reserves			Total Equity
	Number of Shares	Amount	Stock options	Warrants	Deficit	
Balance, January 1, 2018	88,939,464	\$10,603,291	\$ 238,542	\$200,000	\$ (9,236,358)	\$ 1,805,475
Warrants expired during the year	-	-	-	(200,000)	200,000	-
Net loss for the year	-	-	-	-	(245,724)	(245,724)
Balance, December 31, 2018	88,939,464	\$10,603,291	\$ 238,542	\$ -	\$ (9,282,082)	\$ 1,559,751
Net loss for the year	-	-	-	-	(87,356)	(87,356)
Balance, December 31, 2019	88,939,464	\$10,603,291	\$ 238,542	\$ -	\$ (9,369,438)	\$ 1,472,395

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
Operating Activities:		
Net loss for the year	\$ (87,356)	\$ (245,724)
Items not affecting cash:		
Foreign exchange	(960)	(2,609)
Interest on loan payable to related party (Notes 7 and 8)	4,282	2,493
Loss on sale of marketable securities (Note 5)	3,900	9,675
Fair value change of marketable securities (Note 5)	(50,833)	52,500
Write-down of exploration and evaluation properties (Note 6)	30,524	56,796
Recovery of exploration costs paid in shares (Note 6b)	(16,750)	(37,750)
Change in non-cash operating working capital:		
Accounts receivable	711	5,494
Prepaid expenses	-	7,238
Trade payables and accrued liabilities	(572)	(1,795)
Other amounts due to related parties (Note 10)	174,308	198,246
Cash provided by operating activities	57,254	44,564
Investing Activities:		
Exploration and evaluation property expenditures (Note 6)	(74,580)	(106,710)
Cash received (payment of) reclamation bonds	30,332	(2,892)
Funds from (repayment of) loan payable to related party (Note 7)	(45,551)	65,940
Proceeds from sale of marketable securities (Note 5)	12,850	28,075
Cash used in investing activities	(76,949)	(15,587)
Foreign Exchange Effect on Cash	960	2,609
Increase (decrease) in cash	(18,735)	31,586
Cash, Beginning of Year	47,876	16,290
Cash, End of Year	\$ 29,141	\$ 47,876
Supplemental cash flow information:		
Interest paid	\$ 2,963	\$ -

See accompanying notes to consolidated financial statements



Notes to Consolidated Financial Statements
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Carlin Gold Corporation (the “Company”) is registered under the British Columbia *Business Corporations Act* and trades on the TSX Venture Exchange. The Company is in the business of acquiring, exploring and developing mineral properties in Nevada and Yukon, and has not yet determined whether its properties contain ore reserves that are economically recoverable. The head office and principal address of the Company is situated at Suite 320 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

The Company has not generated any revenue since inception, has never paid dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. During the year ended December 31, 2019, the Company incurred a net loss of \$87,356 (2018 - \$245,724) and as at December 31, 2019 the Company has a working capital deficiency of \$344,886 (2018 – \$243,806 deficiency). The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its mineral properties, confirmation of the Company’s interests in the underlying properties and the attainment of profitable operations, or realize proceeds from their sale.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its mineral property interests, is dependent on the Company’s ability to obtain the necessary financing. The Company will require additional capital to finance future operations and growth. If the Company is unable to obtain additional financing, the Company would be unable to continue. There can be no assurance that management’s plans will be successful.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these exploration and evaluation properties, and establish future profitable production, or realize proceeds from the disposition of exploration and evaluation properties. The carrying value of the Company’s exploration and evaluation properties does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.



Notes to Consolidated Financial Statements
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The accounting policies, methods of computation and presentation applied in these consolidated financial statements are consistent with those of the previous financial year.

b) Approval of consolidated financial statements

These consolidated financial statements of the Company for the years ended December 31, 2019 and 2018 were approved and authorized for issue by the Board of Directors on April 27, 2020.

c) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its 100% controlled entity, Carlin Gold US Inc. (a Nevada corporation). A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

e) Adoption of accounting standards

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2019.

IFRS 16 Leases

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

2. BASIS OF PRESENTATION (Continued)

e) Adoption of accounting standards (continued)

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in *IAS 17 Leases*, *IFRIC 4 Determining whether an Arrangement contains a Lease*, *SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

This standard did not have an impact on the financial performance or position of the Company as the Company does not have any leases.

f) New standards and interpretations not yet adopted

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates have now been assessed by the Company and are not expected to have a significant impact on the Company's consolidated financial statements. The Company has not early adopted these standards.

IFRIC 23 Uncertainty over Income Tax Treatments

This new interpretation, issued by the IASB in June 2017, clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

The main features of IFRIC 23 are as follows:

- An entity considers an uncertain tax treatment separately or together with other uncertain tax treatments depending on which approach better predicts the resolution of the uncertainty.
- Taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates are determined based on whether it is probable that a taxation authority will accept an uncertain tax treatment.
- An entity reassesses judgments or estimates relating to uncertain tax treatments when facts and circumstances change.

The new standard is effective for annual periods beginning on or after January 1, 2021.

2. BASIS OF PRESENTATION (Continued)

f) New standards and interpretations not yet adopted (continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011))

Amends and to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in Business Combinations).
- requires the partial recognition of gains and losses where the assets do not constitute a business, i.e., a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g., whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The effective date of the amendments to IFRS 10 and IAS 28 issued by the IASB in September 2014 has been deferred indefinitely, with earlier application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Judgments and estimates (continued)

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiary. Functional currency was determined based on the currency in which funds are sourced and the degree of dependence by the subsidiary on the Company for financial support.

Exploration and evaluation properties

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indicators of impairments. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation properties.

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities and existing permits.

b) Foreign currency translation

The functional and reporting currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value and revenues and expenses denominated in foreign currencies are retranslated to the functional currency at the exchange rate on the date of the transaction. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and evaluation properties

Costs directly related to the exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the unit-of-production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the cash generating unit is written down to its recoverable amount. Resource properties are reviewed for impairment at each reporting date.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

d) Impairment of non-current assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

e) Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of resource properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Provision for closure and reclamation (continued)

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 increase in the provision due to the passage of time is recognized as interest expense.

f) Income taxes

The Company uses the statement of financial position method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) Share-based payments

The Company has a stock option plan that is described in Note 8b. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to option reserve. Consideration received on the exercise of stock options is recorded as share capital and the related option reserve is transferred to share capital. When options and warrants expire unexercised, such amounts are transferred to deficit. Charges for options that are forfeited before vesting are reversed from option reserve.

h) Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the year. For all years presented, the loss available to common shareholders equals the reported loss. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share, as the effects of including all outstanding options and warrants would be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

The Company measures its financial assets in the following categories: amortized cost, or fair value through profit or loss. The measurement depends on the purpose for which the financial assets were acquired. Management determines the measurement of financial assets at recognition.

Financial assets at amortized cost

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortized cost are measured at FVTPL. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVTPL. The Company has no designated hedges. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Marketable securities and cash are included in this category of financial assets.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

Financial assets measured at fair value through other comprehensive income are carried in the statement of financial position at fair value with changes in fair value therein, recognized in other comprehensive loss.

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities, financial liabilities subsequently measured at amortized cost and financial liabilities at fair value through profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Other financial liabilities include trade accounts payable and accrued liabilities and amounts due to related parties.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (continued)

Financial liabilities at fair value through profit or loss

This category is comprised of derivative financial liabilities. Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit or loss.

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

- Level 1 - Unadjusted quoted prices 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 or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based upon observable market data.

j) Share capital

The Company records proceeds from share issuances, net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares is concluded.

k) Valuation of equity units issued in private placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has classified its cash and marketable securities as FVTPL; and trade payables and accrued liabilities, loan payable to related party and other amounts due to related parties, as other financial liabilities.

Fair value

The carrying values of trade payables and accrued liabilities, and amounts due to related parties all approximate their fair value due to the short-term nature of these financial instruments.

At December 31, 2019 and 2018, the marketable securities are valued using quoted prices (unadjusted) from an active market (Level 1).



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4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

The principal risks to which the Company's financial instruments are exposed are described below.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash. However, this risk is minimized as all amounts are held with major Canadian and American financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	December 31 2019	December 31 2018
Cash – Canada	\$ 26,595	\$39,286
Cash – USA	2,546	8,590
Total	\$ 29,141	\$ 47,876

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

The Company is dependent on raising funds through the issuance of shares, obtaining debt financing and/or attracting joint venture partners in order to undertake further exploration and development of its mineral properties and finance office and administrative expenditures. There can be no assurance the Company will be able to raise funds in the future.

The Company owns marketable securities, which are recorded as FVTPL. The Company may, from time to time, liquidate a portion of its holdings depending on market conditions and the Company's cash requirements. Depending on timing, the Company's ability to liquidate these securities is subject to price fluctuations and market conditions, which may affect the Company's ability to liquidate the securities in a timely manner.

At December 31, 2019, the Company had trade payables and accrued liabilities totaling \$54,314 (2018 - \$54,886), which are currently due and loans payable to a related party and other amounts due to related parties totaling \$479,962 (2018 - \$346,923) which are payable on demand.

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4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

The Company is not exposed to significant interest rate risk. The Company's bank accounts earn interest at variable rates. Future cash flows from interest income on cash will be immaterially affected by interest rate fluctuations.

(ii) Foreign currency risk

As at December 31, 2019, certain of the Company's financial instruments are held in US dollars. The Company has operations in Nevada, USA. As a result, the Company is exposed to foreign currency risk from fluctuations between the Canadian and US dollar.

The Company does not use derivatives or similar techniques to manage currency risk.

As at December 31, 2019, the Company is exposed to foreign currency risk of US\$2,546 (2018 - US\$6,297) cash.

(ii) Other price risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from currency risk or interest rate risk. The Company's marketable securities are carried at market value and are, therefore, directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests that a 125% (2018 - 125%) change in market prices would change income/loss by approximately \$200,000 (2018 - \$134,000).

5. MARKETABLE SECURITIES

At December 31, 2019 and December 31, 2018, the Company owned the following investments:

	December 31, 2019			December 31, 2018		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Constantine Metal Resources Ltd.*	250,000	-	50,000	250,000	-	\$107,500
HighGold Mining Inc.	83,333	-	108,333	-	-	-
Total	\$333,333	-	\$158,333	\$250,000	-	\$107,500

* In May 2018, the shares of Constantine Metal Resources were consolidated on a one-new-for-four-old basis, which resulted in a restating of the number of shares owned by the Company, from 1,000,000 to 250,000 shares.

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5. MARKETABLE SECURITIES (Continued)

In August 2019, the Company received 83,333 shares of HighGold Mining Inc. as a result of the spinout of HighGold Mining Inc. from Constantine Metal Resources Ltd. ("Constantine").

In May 2019, the Company received 25,000 shares of Fireweed Zinc Ltd (Note 6b) which were fair valued at \$16,750. The shares were sold in October 2019 for proceeds of \$12,850 for which the Company record a loss on sale of marketable securities of \$3,900.

During the year ended December 31, 2019, the Company recorded a net gain of \$50,833 relating to the fair value change of its investments.

Constantine is related to the Company through a common director (Mr. K. Wayne Livingstone) and a common officer (Mr. Aris Morfopoulos). The Company's investment in Constantine represents an ownership interest of 0.55% as at December 31, 2019 (2018 - 0.57%).

6. EXPLORATION AND EVALUATION PROPERTIES

The following is a summary of the Company's exploration and evaluation properties:

	Cortez Summit	JDS	Willow	Whisky Canyon	Yukon	Total
Balance, December 31, 2017	\$ 1,715,204	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1,715,208
Acquisition costs	\$ 30,739	\$ 16,674	\$ 19,284	\$ -	\$ 4,800	\$ 71,497
Geological and maintenance	19,175	197	12,303	1,349	2,189	35,213
Writedown of exploration and evaluation property	-	(16,871)	(31,587)	(1,349)	(6,989)	(56,796)
Balance, December 31, 2018	\$ 1,765,118	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1,765,122
Acquisition costs	\$ 10,694	\$ -	\$ 11,065	\$ -	\$ -	\$ 21,759
Geological and maintenance	33,364	6,635	8,227	-	4,595	52,821
Writedown of exploration and evaluation property	-	(6,636)	(19,292)	(1)	(4,595)	(30,524)
Balance, December 31, 2019	\$ 1,809,176	\$ -	\$ 1	\$ -	\$ 1	\$ 1,809,178

a) Cortez Summit Property, Nevada USA

The Company owns a 100% interest in claims in the Cortez gold trend in Eureka County, Nevada, which were acquired by staking and are not subject to any royalties.

In February 2018, Barrick terminated the Exploration and Earn-in Agreement it had with the Company regarding the Cortez Summit property.

6. EXPLORATION AND EVALUATION PROPERTIES (Continued)

b) Recovery of exploration costs

Yukon Joint Venture Property

In April 2018, the Carlin-Constantine Metal Resources Ltd. (CEM-TSXV) Joint Venture (“CCJV”) completed an agreement (the “Agreement”) granting Fireweed Zinc Ltd (FWZ-TSXV) (“Fireweed”) the option to purchase the CCJV’s Jerry, MC and MP properties (total 624 claims) in the Mac Pass area, Yukon. Total consideration for Fireweed to acquire a 100% interest in the properties includes an aggregate of \$500,000 in cash and issuance of 300,000 common shares of Fireweed, to be paid over three years. The agreement includes a net smelter return royalty (“NSR”) of 0.5 % on base metals and silver and a 2.0% NSR on all other metals. An additional payment of \$750,000 is payable upon Fireweed producing an indicated resource of 2.0 million tonnes on the optioned properties. In May 2019, the Company received its second option payment under the Agreement, which consisted of \$62,500 cash (2018 - \$37,500 cash) and 25,000 shares (2018 – 25,000 shares) of Fireweed valued at \$16,750 (2018 - \$37,750). The Company recorded the aggregate \$79,250 proceeds as a recovery of exploration costs previously written off.

c) Closure costs

The Company has assessed that it does not have any closure costs as at the date of this report.

d) Realization of assets

The investment in and expenditures on exploration and evaluation properties comprise a significant portion of the Company’s assets. Realization of the Company’s investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or proceeds from their disposal.

Resource exploration and development are highly speculative and contain inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

e) Write-down of exploration and evaluation property costs

During the year ended December 31, 2019, indicators of impairment existed leading to a test of the recoverable amount of the Willow Creek and Lincoln Gold purchases, which resulted in an impairment loss of \$30,524 (2018 - \$56,796). A value in use calculation is not applicable as the Company does not have any expected cash flows from using the property at this stage of operations. In estimating fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than \$nil. As this valuation technique requires management’s judgement and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

6. EXPLORATION AND EVALUATION PROPERTIES (Continued)

f) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent, and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

g) Title to mineral property interests

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

7. LOAN PAYABLE TO RELATED PARTY

In August 2018, the Company obtained a demand loan for \$65,940 (\$50,000 US) from Mr. K. Wayne Livingstone, president of the Company, for the purposes of paying claim fees that were due on the Company's US mineral properties and general working capital. The loan amount is subject to 10% interest per annum, and a total of \$4,282 interest expense has been incurred for the year ended December 31, 2019. In May 2019, the Company repaid an amount of \$45,551 on the loan. As at December 31, 2019, a total of \$27,164 is owing for outstanding principal and accrued interest on the loan. The loan is unsecured and payable on demand. This balance was repaid subsequent to year-end on February 25, 2020.

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8. SHARE CAPITAL

a) Authorized: unlimited number of common shares without par value

Issued and outstanding: 88,939,464 (2018 – 88,939,464) common shares

The Company did not issue any common shares during the years ended December 31, 2019 and 2018.

b) Stock options

The Company has established a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price of the stock on the last trading day preceding the grant date. The maximum number of options to be granted under this plan is 8,893,946.

A summary of the status of the Company's stock options at December 31, 2019 and 2018 and changes during the years then ended are as follows:

	December 31, 2019		December 31, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	8,050,000	\$0.06	8,050,000	\$0.06
Granted	-	-	-	-
Outstanding, end of year	8,050,000	\$0.06	8,050,000	\$0.06

A summary of the Company's stock options as at December 31, 2019 is as follows:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Options Exercisable (vested)
February 26, 2021	\$0.05	5,500,000	1.16	5,500,000
September 12, 2022	\$0.08	2,550,000	2.70	2,550,000
		8,050,000		8,050,000

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8. SHARE CAPITAL (Continued)

c) Warrants

A summary of the Company's warrants at December 31, 2019 and 2018 is as follows:

	December 31, 2019		December 31, 2018	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	-	-	5,000,000	\$0.10
Expired	-	-	(5,000,000)	\$0.10
Outstanding, end of year	-	-	-	-

9. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% (2018 - 27%) to income before income taxes. The reason for the differences is as follows:

	2019	2018
Loss before tax	\$ (87,356)	\$ (245,724)
Statutory income tax rate	27.0%	27.0%
Expected income tax	(23,586)	(66,345)
Change in timing differences	(9,708)	20,478
Effect of change in tax rates	-	210,042
Write-off of exploration properties	8,241	(13,402)
Under (over) provided in prior years	1,653	-
Impact of foreign exchange on tax assets and liabilities	58,834	(91,066)
Unused tax losses and tax offsets not recognized in tax	(35,434)	(59,707)
Total income taxes	\$ -	\$ -

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at December 31, 2019 and 2018 are presented below:

	2019	2018
Marketable securities	\$ (5,400)	\$ (10,245)
Non-capital loss carry-forwards utilized	5,400	10,245
Net deferred income tax liability	\$ -	\$ -

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9. INCOME TAXES (Continued)

The Company recognizes tax benefits or losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets have been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2019	2018
Future income tax assets		
Non-capital loss carry-forwards	\$ 4,435,577	\$ 4,357,175
Share issue costs	3,870	7,739
AFS investments	11,326	10,807
Foreign exchange	6,203	-
Mineral property interests	4,200,646	4,382,621
Unrecognized deductible temporary differences	\$ 8,657,622	\$ 8,758,342

The Company's unrecognized unused tax losses for December 31, 2019 have the following expiry dates:

Year expiring:	Canada	USA	Total
2025	\$ -	\$ 51,896	\$ 51,896
2026	201,647	131,257	332,904
2027	205,478	906,144	1,111,622
2028	169,653	448,280	617,933
2029	161,397	-	161,397
2030	175,460	7,243	182,703
2031	192,448	36,109	228,557
2032	332,281	37,505	369,786
2033	156,255	30,343	186,598
2034	216,630	42,242	258,872
2035	149,346	53,886	203,232
2036	209,633	-	209,633
2037	201,992	-	201,992
2038	176,052	17,861	193,913
2039	86,385	38,154	120,612
Total	\$ 2,634,657	\$ 1,800,920	\$ 4,435,577

10. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel compensation consists of the Chief Executive Officer, Chief Financial Officer ("CFO") and the Vice-President of Exploration. Aggregate compensation for the year ended December 31, 2019 was \$167,768 (2018 - \$166,203) for management and other fees, as described below.



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10. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The Company accrued a total of \$60,000 (2018 - \$60,000) for management and administration services to NS Star Enterprises Ltd., a company controlled by the president, during the year ended December 31, 2019. The Company accrued a total of \$60,000 (2018 - \$60,000) for accounting, management and administration services to Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, during the year ended December 31, 2019. The Company paid or accrued a total of \$47,768 (2018 - \$46,203) to Mr. Robert Thomas, Vice-President of Exploration, for technical consulting and management and administration services during the year ended December 31, 2019.

As at December 31, 2019, a total of \$138,814 (2018 - \$89,894) is due to director Mr. Thomas for fees, technical consulting services and expenses incurred on behalf of the Company. As at December 31, 2019, a total of \$145,000 (2018 - \$85,000) is due to NS Star Enterprises Ltd. for management and administration services. As at December 31, 2019, a total of \$145,000 (2018 - \$85,000) is due to Morfopoulos Consulting Associates Ltd. for accounting, management and administration services. As at December 31, 2019, a total of \$23,402 (2018 - \$18,014) is due to Constantine for rent and Yukon joint venture expenses. As at December 31, 2019, a total of \$532 (2018 - \$532) is due to Mr. Livingstone for expenses incurred on behalf of the Company. All of the above amounts are unsecured, without interest or stated terms of repayment.

In August 2018, the Company obtained an unsecured loan from Mr. K. Wayne Livingstone, president and director of the Company, in the amount of \$65,940 (Note 7). The loan is payable on demand and has an interest rate of 10% per annum. In May 2019, the Company repaid an amount of \$45,551 on the loan. As at December 31, 2019, a total of \$27,164 is owing for outstanding principal and accrued interest on the loan. On February 25, 2020, the Company paid \$27,351 to related party NS Star Enterprises for the balance of principal and interest owing on the demand loan that was outstanding at December 31, 2019.

11. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and warrants as capital (Note 8). There has been no change in the nature of the Company's capital during the year ended December 31, 2019. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital restrictions.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.



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12. SEGMENTED INFORMATION

The Company has one operating segment: mineral exploration and development. The Company's non-current assets by geographical location are as follows as at the dates shown below:

	December 31 2019	December 31 2018
Canada	\$ 1	\$ 1
United States	1,817,280	1,803,556
Total	\$ 1,817,281	\$ 1,803,557

13. EVENTS SUBSEQUENT TO THE END OF THE YEAR

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.