



GETCHELL

GETCHELL GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Unaudited – Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GETCHELL GOLD CORP.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

As at	September 30, 2019	March 31, 2019
ASSETS		
CURRENT ASSETS		
Cash (Note 4)	\$ 251,339	\$ 513,375
Accounts receivable	7,013	21,624
Prepaid expenses	53,602	31,975
TOTAL CURRENT ASSETS	311,954	566,974
Reclamation deposit	55,621	51,571
Furniture and equipment (Note 6)	393	449
TOTAL ASSETS	\$ 367,968	\$ 618,994
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 250,528	\$ 369,527
Warrant liability (Note 8)	-	40,844
Obligation to issue shares (Note 8)	-	211,591
TOTAL LIABILITIES	250,528	621,962
SHAREHOLDERS' EQUITY (DEFICIENCY)		
SHARE CAPITAL (Note 8)	\$ 10,208,618	\$ 9,095,269
SHARES TO BE ISSUED (Note 8)	-	31,418
STOCK OPTIONS RESERVE (Note 8)	573,564	311,801
WARRANTS RESERVE (Note 8)	108,382	47,049
DEFICIT	(10,773,124)	(9,488,505)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)	117,440	(2,968)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	367,968	\$ 618,994

APPROVED ON BEHALF OF THE BOARD:

Signed, "William S. Wagener" Director

Signed, "Stephen Goodman" Director

See accompanying notes to the condensed interim consolidated financial statements.

GETCHELL GOLD CORP.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
EXPENSES				
Exploration and evaluation expenditures (Notes 7 and 9)	\$ 95,284	\$ 54,348	\$ 743,504	\$ 284,388
Administrative and general	10,844	40,664	22,816	41,633
Advertising and promotion	-	5,726	29	11,129
Communication	386	229	1,859	554
Filing fees	10,060	-	12,733	-
Management and consulting (Note 7)	102,438	33,868	239,698	40,868
Occupancy	3,195	9,565	6,390	13,802
Office and general	3,629	1,186	7,083	1,239
Professional fees	60,216	39,235	113,568	44,450
Share-based compensation (Note 8)	173,407	-	173,407	-
Travel	19,732	800	28,185	12,884
Depreciation (Note 6)	28	35	56	73
Foreign exchange loss	4,799	47,398	6,625	22,248
	\$ (484,018)	\$ (233,054)	\$ (1,355,953)	\$ (473,268)
LOSS BEFORE OTHER INCOME (EXPENSES)				
Amortization of warrant issue costs (Note 8)	\$ (9,250)	\$ -	\$ (37,000)	\$ -
Other income (Note 8)	11,700	-	11,700	-
Recovery on reversal of accounts payable	-	-	18,790	-
Unrealized gain (loss) on warrant liability (Note 8)	26,574	109,000	77,844	(210,000)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (454,994)	\$ (124,084)	\$ (1,284,619)	\$ (263,268)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.01)
Weighted average number of shares outstanding - basic and diluted	36,904,141	22,700,941	34,229,099	22,700,941

See accompanying notes to the condensed interim consolidated financial statements.

GETCHELL GOLD CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

For the six months ended September 30,	2019 \$	2018 \$
Operating activities:		
Loss for the period	(1,284,619)	(263,266)
Items not affecting cash		
Depreciation	56	73
Share-based compensation	173,407	
Unrealized foreign exchange gain	(7,125)	-
Other income	(11,700)	
Amortization of warrant issue costs	37,000	-
Unrealized gain on warrant liability	(77,844)	(210,000)
Recovery on reversal of accounts payable	(18,790)	-
Net change in non-cash working capital balances:		
Accounts receivable	14,612	(9,416)
Prepaid expenses	(21,628)	5,981
Accounts payable and accrued liabilities	(100,210)	33,748
Cash used in operating activities	(1,296,841)	(442,880)
Financing activities:		
Issuance of common shares, net of issue costs	1,031,729	-
Cash provided by financing activities	1,031,729	-
Foreign exchange effect on cash	3,076	-
Change in cash	(262,036)	(442,880)
Cash, beginning of period	513,375	1,103,562
Cash, end of period	251,339	660,682

See accompanying notes to the condensed interim consolidated financial statements.

GETCHELL GOLD CORP.
Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
(Unaudited – Expressed in Canadian Dollars)

	Share Capital #	Share Capital \$	Shares to be Issued \$	Stock Options Reserve \$	Warrants Reserve \$	Deficit \$	Total \$
Balance, December 31, 2017	20,309,066	6,062,122	-	279,509	-	(5,961,666)	379,965
Shares issued for cash	2,466,875	779,141	-	-	-	-	779,141
Share issue costs	-	(61,004)	-	-	-	-	(61,004)
Loss for the period	-	-	-	-	-	(681,119)	(681,119)
Balance, September 30, 2018	22,775,941	6,780,259	-	279,509	-	(6,642,785)	416,983
Shares issued for cash	2,253,989	883,618	31,418	-	-	-	915,036
Share issue costs	-	(215,938)	-	148,793	-	-	(67,145)
Shares issued from RTO	3,660,734	1,647,330	-	22,283	10,110	-	1,679,723
Cancellation of stock options	-	-	-	(138,784)	-	138,784	-
Replacement warrants	-	-	-	-	36,939	-	36,939
Loss for the period	-	-	-	-	-	(2,984,504)	(2,984,504)
Balance, March 31, 2019	28,690,664	9,095,269	31,418	311,801	47,049	(9,488,505)	(2,968)
Shares issued for cash	7,689,398	1,092,077	(31,418)	-	61,333	-	1,121,992
Share issue costs	-	(178,619)	-	88,356	-	-	(90,263)
Share-based compensation	-	-	-	173,407	-	-	173,407
Obligation to issue shares	960,456	199,891	-	-	-	-	199,891
Loss for the period	-	-	-	-	-	(1,284,619)	(1,284,619)
Balance September 30, 2019	37,340,518	10,208,618	-	573,564	108,382	(10,773,124)	117,440

See accompanying notes to the condensed interim consolidated financial statements.

GETCHELL GOLD CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Getchell Gold Corp. (the “Company”) is a Canadian junior resource exploration company, carries on business in one segment, being the identification, acquisition and exploration of properties for mining of precious and base metals. The Company is incorporated and domiciled in Ontario, Canada.

The Company’s principal asset is a mineral exploration property in Nevada, USA. The registered address of the Company and its principal place of business is 310-133 Richmond Street West, Toronto, ON M5H 2L3. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”).

Getchell Gold Corp. (“Getchell”) and Buena Vista Gold Inc. (“BVG”) entered into an arrangement agreement on November 11, 2017, pursuant to which Getchell acquired all of the issued and outstanding common shares of BVG on a one to one basis (the “Transaction”). The Transaction was carried out by way of a plan of arrangement (the “Agreement”), pursuant to which BVG became a wholly owned subsidiary of Getchell (Note 5). As a result of the Transaction, Getchell Gold Corp., as the “Resulting Issuer,” continued on with the business of BVG under the name “Getchell Gold Corp.” The Transaction was deemed to be a reverse takeover (“RTO”) as shareholders of BVG acquired control of the combined entity.

On November 6, 2018, the Company completed the Transaction and the common shares of the Resulting Issuer were listed on the CSE and began trading on December 3, 2018, under the symbol “GTCH”. Trading was halted on December 18, 2018 when the Company became aware that the former Wabi Exploration Inc. (“Wabi”) shares were trading on a pre-consolidation basis between December 3, 2018 and December 18, 2018 (the “Trading Period”), not on a 1 for 6 basis as required by the Agreement. The former Wabi shares were consolidated prior to the resumption of trading on January 21, 2019.

The Company has participated in numerous formal discussions with various investment industry participants and regulators in an effort to find a resolution. After careful consideration, management determined that the best option was for the Company to issue shares for distribution to buyers of shares during the Trading Period. The Board of Directors approved the issuance of up to 1,399,402 common shares. However, as the process of distributing unfolded during the six months ended September 30, 2019, it was determined that only 1,057,956 common shares were required to be issued (Note 8). With respect to the trading of pre-consolidation shares during the Trading Period, a brokerage account reconciliation resulted in the return of 97,500 common shares for cancellation. While there is a dilutive effect to all shareholders, the Board of Directors believes that this solution is in the best interest of all shareholders and will allow the Company to advance its exploration assets in an attempt to create value for shareholders.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company’s ability to dispose of its interests on an advantageous basis. Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements.

GETCHELL GOLD CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN – continued

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), applicable to a going concern, under which material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern must be disclosed. As at September 30, 2019, the Company had not yet achieved profitable operations and continues to be dependent upon its ability to obtain sufficient working capital from external financing to meet the Company’s liabilities as they become payable, and ultimately to generate profitable future operations. The Company incurred a net loss of \$1,284,619 during the six months ended September 30, 2019 (September 30, 2018 - \$263,268). As at September 30, 2019, the Company had a working capital of \$61,426 (March 31, 2019 – working capital deficit of \$54,988) as well as cumulative losses totaling \$10,773,124 (March 31, 2019 - \$9,488,505). These condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the consolidated financial statements. Such amounts could be material.

2. BASIS OF PREPARATION

(i) Statement of compliance

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited annual financial statements for the fifteen months ended March 31, 2019. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and therefore should be read together with the audited annual financial statements for the fifteen months ended March 31, 2019.

These condensed interim consolidated financial statements were approved by the board of directors for issue on November 27, 2019.

(ii) Basis of presentation

These condensed interim consolidated financial statements were prepared under the historical cost basis, except for certain assets which are measured at fair value as explained in the accounting policies set out in Note 3 of the Company’s audited annual financial statements for the fifteen months ended March 31, 2019. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise indicated.

(iii) Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Buena Vista Gold Inc. and Getchell Gold Nevada Inc. (formerly Buena Vista Minerals Inc.) (incorporated in Nevada, USA). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

GETCHELL GOLD CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

2. BASIS OF PREPARATION – continued

(iv) Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Going concern

As is common with exploration companies, the Company's ability to continue its on-going and planned exploration activities and continue operations as a going concern, is dependent upon the recoverability of costs incurred to date on mineral properties, the existence of economically recoverable reserves, and the ability to obtain necessary equity financing from time to time. The factors considered by management are disclosed in Note 1.

- Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

- Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

- Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

GETCHELL GOLD CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

2. BASIS OF PREPARATION – continued

(iv) Significant accounting judgements, estimates and assumptions – continued

- Determination of control in the Transaction and RTO

The determination of the acquirer in the Transaction is subject to judgment and requires the Company to determine which party obtains control of the combining entities. Management applies judgment in determining control by assessing the following three factors: whether the Company has power over BVG; whether the Company has exposure or rights to variable returns from its involvement with BGV; and whether the Company has the ability to use its powers over BVG to affect the amount of its returns. In exercising this judgment, BVG was deemed to be the acquirer in the Transaction.

Management has had to apply judgment relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the acquisition in order to reach a conclusion. The Transaction was accounted for as a reverse acquisition and the difference between the fair value of net assets acquired and the consideration paid was recorded as a listing expense (Note 5).

- Contingencies

Contingencies are subject to measurement uncertainty as the financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies involves a significant amount of judgement, including assessing whether a present obligation exists, assessing factors that may mitigate or reduce the obligation, and determining a reliable estimate of the amount of cash outflow required to settle the obligation. The Company is required to both determine whether loss is probable and whether the loss can be reasonably estimated. The uncertainty involved with the time and amount at which a contingency may be settled may have a material impact on the consolidated financial statements of future periods to the extent that the amount provided for differs from the actual outcome.

- Share-based compensation and warrant liability

Management determines costs for share-based compensation using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates. Warrant liabilities are accounted for as derivative liabilities as they are exercisable in US dollars.

- Fair value of consideration

The fair value of consideration to acquire the Company in a reverse take-over transaction comprised common shares and replacement warrants and options. Common shares were valued on the date of issuance. Replacement warrants and options were valued using the Black-Scholes model. The Company applied IFRS 2 *Share-based Payments* in accounting for the Transaction.

GETCHELL GOLD CORP.
Notes to the Condensed Interim Consolidated Financial Statements
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3. NEW STANDARDS ADOPTED BY THE COMPANY

These condensed interim consolidated financial statements have been prepared on a basis consistent with the significant accounting policies disclosed in the annual financial statements for the fifteen months ended March 31, 2019, except for the adoption of IFRS 16 that became effective April 1, 2019. The adoption of this IFRS and its impact on these financial statements is discussed below.

IFRS 16 Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and cumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease.

The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 resulted in no impact to the opening retained earnings on April 1, 2019.

The following is the Company’s new accounting policy for leases under IFRS 16:

Leases

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

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company’s incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset’s useful life.

4. CASH

Cash at banks and on hand earn interest at floating interest rates based on daily deposit rates. As at September 30, 2019 and March 31, 2019, the Company did not hold any cash equivalents.

GETCHELL GOLD CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

5. REVERSE ACQUISITION

As described in Note 1, on November 6, 2018, the Company and BVG completed a Transaction which constituted a Reverse acquisition. The Company issued 25,029,930 shares to the shareholders of BVG on a one to one basis.

As a result of the Transaction, the shareholders of BVG obtained control of the combined entity by obtaining control of the voting power of the combined entity and the resulting power to govern the financial and operating policies of the combined entities.

For accounting purposes, BVG, the legal subsidiary, was treated as the accounting parent company and Getchell Gold Corp., the legal parent, has been treated as the accounting subsidiary in these consolidated financial statements. As BVG was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. Getchell Gold Corp. results of operations have been included since November 6, 2018.

The following summarizes the reverse takeover of Getchell by BVG and the assets acquired and liabilities assumed on November 6, 2018, the Transaction date:

	\$
Consideration paid:	
Fair value of 3,660,734 common shares of the Company at \$0.45 per share	1,647,330
Fair value of 66,667 replacement stock options issued	22,283
Fair value of 47,667 replacement warrants issued	10,110
Transaction extension fee	40,000
	1,719,723
Transaction costs incurred:	
Legal fees	24,629
Net tangible liabilities (estimated fair value) assumed:	
Cash	17,263
Amounts receivable	5,100
Prepaid expenses	810
Accounts payable and accrued liabilities	(100,666)
	(77,493)

At the time of the Transaction, Getchell's assets consisted primarily of cash and accounts receivable, and it did not have any processes capable of generating outputs; therefore, Getchell did not meet the definition of a business. Accordingly, as Getchell did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the Transaction did not constitute a business combination. The Transaction constituted a reverse acquisition of Getchell by BVG and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2 *Share-based payments* and IFRS 3 *Business combinations*.

As the acquisition was not considered a business combination, the excess value of consideration paid over the net liabilities assumed together with the estimated fair value of options and warrants issued to Getchell shareholders, and additional transaction costs are expensed as a listing expense.

GETCHELL GOLD CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

5. REVERSE ACQUISITION - continued

The fair value of the common shares amounted to \$1,647,330, based on the shares issued in a concurrent financing of BVG's units at the time of the transaction of \$0.45 per unit. The fair values of the stock options and warrants were determined using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, expected volatility of 110% based on historical volatility of comparable entities, risk free interest rate of 2.32%, and an expected life of 2.74 years at a share price of \$0.45.

	\$
Consideration paid	1,719,723
Net tangible liabilities assumed	77,493
Transaction costs incurred	24,629
	1,821,845

6. FURNITURE AND EQUIPMENT

	Computers	Furniture	Total
<u>Cost</u>			
Cost at December 31, 2017, March 31 and September 30, 2019	\$ 2,963	\$ 3,000	\$ 5,963
<u>Accumulated Depreciation</u>			
Balance at December 31, 2017	\$ (2,963)	\$ (2,362)	\$ (5,325)
Depreciation	-	(189)	(189)
Balance at March 31, 2019	\$ (2,963)	\$ (2,551)	\$ (5,514)
Depreciation	-	(56)	(56)
Balance at September 30, 2019	\$ (2,963)	\$ (2,607)	\$ (5,570)
Net book value March 31, 2019	\$ -	\$ 449	\$ 449
Net book value September 30, 2019	\$ -	\$ 393	\$ 393

7. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, *Related party disclosures*, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The Company had the following transactions with related parties or companies controlled by related parties:

GETCHELL GOLD CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the six months ended September 30, 2019 and 2018****(Unaudited – Expressed in Canadian Dollars)**

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Six Months Ended September 30, 2019	Six Months Ended September 30, 2018
Management and consulting fees, and E&E expenditures	\$ 59,288	\$ 40,999	\$ 131,248	\$ 56,992
Administration fees	-	-	2,000	-
Share-based compensation	103,837	-	103,837	-
	<u>\$ 163,125</u>	<u>\$ 40,999</u>	<u>\$ 237,085</u>	<u>\$ 56,992</u>

Accounts payable and accrued liabilities as at September 30, 2019 include \$65 (March 31, 2019 - \$114,863) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

8. SHARE CAPITAL, STOCK OPTIONS AND WARRANTS**a) Shares Authorized**

The Company is authorized to issue an unlimited number of common shares with no par value.

b) Transactions**(i) Six months ended September 30, 2019**

On May 21, 2019, the Company has closed a first tranche of a private placement financing and has issued 5,236,065 Units at \$0.15 per Unit (the "Units") for gross proceeds of \$785,410. Each Unit consists of one common share (a "Share") and one-half share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire an additional common share at a price of \$0.25 per share until May 17, 2021. The Company also issued 268,333 Compensation Option Units (the "Finders Option") and paid an aggregate of \$39,250 to qualified finders. Each Finders Option is a compensation unit exercisable at \$0.15 per option into one common share and one-half share purchase warrant (each whole warrant, a "Finder's Warrant") for a five-year period. Each Finder's Warrant will be exercisable to acquire an additional common share at \$0.25 per share for a two-year period from the date of exercise of the Finders Option.

On June 4, 2019, the Company fulfilled its obligation to issue 1,057,956 common shares from treasury to buyers of shares during the Trading Period. As at March 31, 2019, the Company recorded \$211,591 as other expenses in recognition of this obligation. The shares were in satisfaction of claims that may have resulted from the purchase of pre-consolidation shares during the Trading Period, as discussed in Note 1. With respect to the trading of pre-consolidation shares during the Trading Period, a brokerage account reconciliation resulted in the return of 97,500 common shares which were cancelled on July 11, 2019.

On July 12, 2019, the Company has closed the final tranche of a private placement financing and has issued 2,453,333 Units at \$0.15 per Unit for gross proceeds of \$368,000. Each Unit consists of a Share and one-half of a Warrant. Each Warrant entitles the holder to acquire an additional common share at a price of \$0.25 per share until July 12, 2021. The grant date fair value attributed to the 2,453,333 shares and warrants issued was estimated to be \$306,667 and \$61,333 respectively. The Company also paid an aggregate of \$34,833 to qualified finders and issued 134,222 Finders Options, which have the same terms as the Finders Options issued in the first tranche of the private placement.

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8. SHARE CAPITAL, STOCK OPTIONS AND WARRANTS – continued

b) Transactions - continued

(ii) Fifteen months ended March 31, 2019

The Company issued 2,466,875 units at US\$0.32 per unit for gross proceeds of US\$789,400 (\$987,141). Each unit consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase one additional common share for a period of 12 months at US\$0.40. The grant date fair value attributed to the 2,466,875 warrants issued was estimated to be \$340,677 using the Black-Scholes option pricing model, with warrant issuance costs of \$11,000.

Significant weighted average assumptions used were as follows: expected dividend yield of 0%, expected volatility of 106% based on the historical volatility of comparable entities, risk free interest rate of 1.78%, expected life of 1 year, and a share price of US\$0.40 (\$0.50).

The Company issued 2,253,989 units at \$0.45 per unit for gross proceeds of \$1,014,295. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase one additional common share for a period of 24 months at \$0.52. During the fifteen-month period ended March 31, 2019, the warrants were re-priced to \$0.25 per share.

c) Stock Options

The Company has a stock option plan (the "Plan") for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of 10% of the total issued and outstanding common shares of the Company. These options are non-transferrable and are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant at the market price of the common shares, subject to all regulatory requirements. Expected volatility has been determined using the share price of the Company for the period equivalent to the life of the options prior to grant date.

A summary of the Company's stock option activity during the periods presented is as follows:

	Number Outstanding and Exercisable	Weighted Average Exercise Price (CAD)	Weighted Average Exercise Price (USD)
Outstanding, December 31, 2017	1,228,000	\$ 0.28	\$ 0.22
Cancelled/Forfeited	(353,000)	0.31	0.24
Options deemed issued on RTO	66,667	0.42	n/a
Outstanding, March 31, 2019	941,667	\$ 0.42	\$ 0.32
Granted	2,505,000	0.08	n/a
Outstanding, September 30, 2019	3,446,667	0.17	\$ 0.32

On September 12, 2019, the Company granted 2,505,000 options to officers, directors, and consultants, exercisable at \$0.08 for a five-year term. The options vested immediately. The following assumptions were used for the options: expected dividend yield of 0%, expected volatility of 158% based on the historical volatility of comparable entities, risk free rate of return of 1.48%, expected life of 5 years, and share price of \$0.075, resulting in a charge of \$173,407 as share-based payments for the three and six months ended September 30, 2019.

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8. SHARE CAPITAL, STOCK OPTIONS AND WARRANTS – continued

c) Stock Options – continued

The weighted average remaining life of the options as at September 30, 2019 was 4.24 years (March 31, 2019 – 2.83 years).

A summary of the Company's outstanding and exercisable stock options as at September 30, 2019 is presented below:

Expiry date	Options Outstanding and Exercisable	Exercise Price (CAD)	Exercise Price (USD)
November 10, 2021	750,000	\$ 0.41	\$ 0.32
September 21, 2022	66,667	\$ 0.42	n/a
December 22, 2022	125,000	\$ 0.41	\$ 0.32
September 12, 2024	2,505,000	\$ 0.08	n/a
	3,446,667		

d) Compound Options

A summary of the Company's compound option activity during the periods presented is as follows:

	Number Outstanding and Exercisable	Weighted Average Exercise Price (CAD)	Weighted Average Exercise Price (USD)
Outstanding, December 31, 2017	418,125	\$ 0.41	\$ 0.32
Expired	(418,125)	0.41	0.32
Granted	210,399	0.45	n/a
Outstanding, March 31, 2019	210,399	\$ 0.45	n/a
Granted	402,555	0.15	n/a
Outstanding, September 30, 2019	612,954	\$0.25	n/a

On November 2, 2018, the Company granted 210,399 finder's options. Each option entitled the holder to purchase one unit of the Company for a period of 5 years at \$0.45. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period of 5 years at \$0.52. The following assumptions were used for the options: expected dividend yield of 0%, expected volatility of 110% based on the historical volatility of comparable entities, risk free rate of return of 2.32%, expected life of 5 years, and share price of \$0.45, resulting in a charge of \$148,793 as share issue costs for the fifteen months ended March 31, 2019.

On May 17, 2019, the Company granted 268,333 Finders Options. Each Finders Option is a compensation unit exercisable at \$0.15 per option into one common share and one-half share purchase warrant (each whole warrant, a "Finder's Warrant") for a five-year period. Each Finder's Warrant will be exercisable to acquire an additional common share at \$0.25 per share for a two year period from the date of exercise of the Finders Option. The following assumptions were used for the options: expected dividend yield of 0%, expected volatility of 110% based on the historical volatility of comparable entities, risk free rate of return of 1.63%, expected life of 5 years, and share price of \$0.15, resulting in a charge of \$71,961 as share issue costs for the six months ended September 30, 2019.

GETCHELL GOLD CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the six months ended September 30, 2019 and 2018****(Unaudited – Expressed in Canadian Dollars)****8. SHARE CAPITAL, STOCK OPTIONS AND WARRANTS – continued****d) Compound Options – continued**

On July 12, 2019, the Company granted 134,222 Finders Options. Each Finders Option is a compensation unit exercisable at \$0.15 per option into one common share and one-half share purchase warrant (each whole warrant, a “Finder’s Warrant”) for a five-year period. Each Finder’s Warrant will be exercisable to acquire an additional common share at \$0.25 per share for a two year period from the date of exercise of the Finders Option. The following assumptions were used for the options: expected dividend yield of 0%, expected volatility of 110% based on the historical volatility of comparable entities, risk free rate of return of 1.47%, expected life of 5 years, and share price of \$0.15, resulting in a charge of \$16,395 as share issue costs for the six months ended September 30, 2019.

A summary of the Company’s outstanding and exercisable compound options as of September 30, 2019 is presented below:

Expiry date	Options Outstanding and Exercisable	Exercise Price (CAD)	Exercise Price (USD)
November 2, 2023	210,399	\$ 0.45	n/a
May 17, 2024	268,333	\$ 0.15	n/a
July 12, 2024	134,222	\$ 0.15	n/a
	612,954		

e) Warrants

A summary of the Company's warrant activity during the periods presented is as follows:

	Number Outstanding and Exercisable	Weighted Average Exercise Price (CAD)	Weighted Average Exercise Price (USD)
Outstanding, December 31, 2017	2,134,375	\$ 0.40	\$0.32
Warrants assumed on RTO	47,667	0.42	n/a
Issued ⁽¹⁾	2,466,875	0.51	0.40
Issued	2,253,989	0.25	n/a
Issued ⁽¹⁾	228,000	0.26	0.20
Outstanding, March 31, 2019	7,130,906	\$ 0.39	\$0.36
Issued	3,844,700	0.25	n/a
Outstanding, September 30, 2019	10,975,606	\$ 0.37	\$0.36

⁽¹⁾ As a result of the exercise price of the warrants being denominated in a currency other than the functional currency, the warrants are considered a derivative financial liability. The warrants are classified as a liability and revalued at each period end with any gain or loss in the fair value being record in the consolidated statements of loss as an unrealized gain or loss on warrant liability.

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8. SHARE CAPITAL, STOCK OPTIONS AND WARRANTS – continued

e) Warrants – continued

On July 24, 2017, the Company granted 228,000 finder's options exercisable at US\$0.20 for a five-year term. During the fifteen months ended March 31, 2019, these finder's options were converted to warrants in accordance with a court order upon completion of the Transaction. The following weighted average assumptions were used for the replacement warrants: expected dividend yield of 0%, expected volatility of 110% based on the historical volatility of comparable entities, risk free rate of return of 2.03%, expected life of 3.64 years, and share price of \$0.25, resulting in a charge of \$36,939 as share-based payments for the fifteen months ended March 31, 2019.

On September 30, 2019, the fair value of all outstanding warrants, with an exercise price denominated in a currency other than the functional currency, was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; expected volatility of 103% based on the historical volatility of comparable entities; risk free interest rate of 1.50%; and a weighted average expected life of 0.3 years. As a result, the fair value of the warrants was estimated to be \$nil.

The weighted average remaining life of the warrants as at September 30, 2019 was 0.98 years (March 31, 2019 – 1.1 years).

A summary of the Company's outstanding warrants as of September 30, 2019 is presented below:

Expiry date	Warrants outstanding	Exercise price (CAD) (\$)	Exercise price (USD) (\$)
December 31, 2019	2,134,375	0.40	0.32
December 31, 2019	2,466,875	0.51	0.40
December 31, 2019	47,667	0.42	n/a
November 2, 2020	2,253,989	0.25	n/a
May 17, 2021	2,618,033	0.25	n/a
July 12, 2021	1,226,667	0.25	n/a
July 24, 2022	228,000	0.26	0.20
	10,975,606		

9. EXPLORATION AND EVALUATION EXPENDITURES

The Company holds a 100% interest in the Star claim group located in Pershing County Nevada, USA. A portion of the Star Point claim group is subject to a mining lease agreement between RS Gold, LLC, the "Owner" dated June 26, 2010 and amended on May 1, 2015. The remainder of the Star claim group is controlled via staking.

During the period, the Company attempted to renegotiate the terms of the BV South, French Boy and Gold Knob mining leases but did not receive satisfactory renewal terms from the Lessors. Consequently, the mining leases were not renewed. The Star Point mining lease was renewed in June 2019.

Star Point

The leased portion of the Star Point claim group is subject to a mining lease agreement, the key provisions of which are as follows:

Term: Original term 10 of years ending June 26, 2020 may be extended for an additional 10 years, or so long thereafter as there are mining/processing activities, or reclamation/closure activities.

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Notes to the Condensed Interim Consolidated Financial Statements For the six months ended September 30, 2019 and 2018 (Unaudited – Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION EXPENDITURES - continued

Star Point – continued

Advance Minimum Royalties: Advance pre-production royalties deductible from future production royalties are payable as follows:

1st Anniversary of signing US\$40,000 (paid)
all subsequent Anniversaries US\$50,000 (paid to date)

The AMR payments were temporarily amended and reduced to US\$5,000 in 2015 and US \$10,000 in 2016 (paid). In 2018 and 2019, the AMR payments returned to US\$50,000 per year (paid).

Production Royalties: A sliding-scale gold NSR royalty and 3% gross royalty on other metals is payable to the owners on production proceeds.

Price of Gold	NSR
<US\$800/Troy oz.	3%
US\$800.01 to US\$1,500 oz.	4%
>US\$1,500.01 oz.	5%

Royalty Buy-out Provision: The Company may purchase up to a 2% NSR for US\$1,250,000 per point, with provision for purchase of an additional 1% NSR if the gold price is above US\$1,500/oz. The Owner's NSR cannot be less than 1% after the buy-out.

During fiscal 2019, the Company staked and recorded an additional 60 claims adjacent to Star Point and subsequently staked an additional 63 claims to the south of Star Point. The staking of the additional 63 claims gives the Company a continuous claim package from the northern end of Star Point to the southern end of BV South.

Hot Springs Peak

The Hot Springs Peak property consists of unpatented lode mining claims in the northern Hot Springs range in northern Nevada.

In August 2017, the Company purchased 88 claims in Nevada, USA from Dutch Flats Gold Inc., a company related through common director and ownership, in exchange for 626,091 common shares and settlement of \$90,071 for amounts due by Dutch Flats Gold Inc. to BVG. An additional 16 claims were staked in fiscal 2017. In addition, there were 4 claims leased from a private owner.

During fiscal 2019, an additional 87 claims were staked and recorded. The 4 leased claims expired in the first quarter of fiscal 2019 and the lease has not yet been renegotiated. The Company renewed 167 Hot Springs Peak claims on August 20, 2019.

GETCHELL GOLD CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the six months ended September 30, 2019 and 2018****(Unaudited – Expressed in Canadian Dollars)****9. EXPLORATION AND EVALUATION EXPENDITURES - continued****Expenditures**

Exploration and evaluation expenditures for the six months ended September 30, 2019 were as follows:

	Star Point \$	Hot Springs Peak \$	Total \$
Acquisition and lease payments	-	-	-
Claim Fees	46,867	39,304	86,171
Geologist	2,842	58,463	61,305
Geophysics	-	-	-
Laboratory fees	-	76,347	76,347
Drilling	-	433,934	433,934
Royalty payments	66,455	-	66,455
Travel	218	19,074	19,292
	116,382	627,122	743,504

Exploration and evaluation expenditures for the fifteen months ended March 31, 2019 were as follows:

	Gold Knob \$	French Boy \$	Star Point \$	BV South \$	Hot Springs Peak \$	Total \$
Acquisition and lease payments	-	-	-	-	2,344	2,344
Claims staking	31,754	4,802	97,616	29,814	96,750	260,736
Geologist	-	-	54,792	3,126	87,922	145,840
Geophysics	-	-	110,749	-	63,515	174,264
Laboratory fees	-	-	-	-	69,792	69,792
Drilling	-	-	-	-	323,529	323,529
Royalty payments	65,120	-	65,120	65,120	-	195,360
Other fees	-	-	2,449	-	5,303	7,752
	96,874	4,802	330,726	98,060	649,155	1,179,617
General						426
						1,180,043

10. CAPITAL MANAGEMENT

The Company manages its shareholders' equity as capital, making adjustments based on available funds, to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

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10. CAPITAL MANAGEMENT - continued

The properties to which the Company currently has an interest are in the exploration stage and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration as well as satisfy administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties should sufficient geological or economic potential be demonstrated and if the Company has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the six months ended September 30, 2019. Neither the Company nor its subsidiaries is subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company has no external debt and is dependent on the capital markets to finance exploration and development activities.

11. SEGMENTED INFORMATION

The Company has one operating segment: the acquisition, exploration and development of precious and base metal mineral resource properties located in Nevada, USA. All furniture and equipment are located in Canada.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Liquidity Risk
- Credit Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk and commodity price risk.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Foreign Currency Risk

Given the global nature of the Company's business, the Company's operating businesses, financial reporting results and cash flows are exposed to risks associated with foreign currency fluctuations. For the current fiscal period, management estimates that if the United States Dollar had weakened or strengthened by 10% against the Canadian dollar, the resulting change in net loss would be negligible. Included in cash is US\$6,424 (\$8,507) (March 31, 2019 – US\$74,338 (\$99,337)), and accounts payable and accrued liabilities is US\$3,121 (\$4,133) (March 31, 2019 – US\$73,912 (\$98,774)) denominated in foreign currency.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. Sensitivity to a plus or minus 1% change in the interest rates could impact any renewals or extensions of term deposits which would have no significant impact on the net loss due to the immateriality of the interest earned.

Commodity Price Risk

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. Based on management's knowledge and expertise of the financial markets, the Company believes that commodity price risk is not relevant as the Company is not a producing entity.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

At September 30, 2019, the Company had a cash balance of \$251,339 and current liabilities of \$250,528.

The following is a summary of the Company's material contractual obligations (representing undiscounted contractual cash flows):

	Due within				
	1 Year	2 Years	3 Years	Over 4 Years	Total
Accounts payable and accrued liabilities	\$ 250,528	\$ -	\$ -	\$ -	\$ 250,528

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk in its cash, and accounts receivables. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. Concentration of credit risk exists with respect to the Company's cash as substantially the entire amount is held at a single major Canadian financial institution. Accounts receivable is comprised of amounts due from Canada Revenue Agency for recoverable GST input tax credits.

Credit risk on cash is minimized by depositing with only reputable financial institutions.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The consolidated statements of financial position carrying amounts for cash, accounts receivables, and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments. The fair value of warrant liability is based on level 2 inputs of the fair value hierarchy.

13. COMMITMENTS AND CONTINGENCIES

Environmental contingencies

The Company's exploration activities are subject to various international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive.

The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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14. SUBSEQUENT EVENTS

Binding Letter Agreement

On October 17, 2019, the Company has executed a binding letter agreement (the “BLA”) with Canarc Resources Corp. (“Canarc”), which holds numerous gold properties in Nevada and the western USA, whereby the Company will have the option to acquire 100% of the Fondaway Canyon and Dixie Comstock properties located in Churchill County Nevada. Under the terms of the BLA, the Company can acquire 100% of the projects at any time on or before the 4th anniversary of the agreement by paying Canarc US\$2.0M in cash and US\$2.0M in the Company’s shares less any previous cash and share payments made under the agreement and granting Canarc a 2% NSR in the Fondaway Canyon and Dixie Comstock projects (1% of the NSR can be bought out for US\$1,000,000 on each project).

Payment terms:

- At signing of the full agreement – US\$100,000 in cash and US\$100,000 in shares
- 1st Anniversary – US\$100,000 in cash and US \$200,000 in shares
- 2nd Anniversary – US\$100,000 in cash and US \$300,000 in shares
- 3rd Anniversary – US\$100,000 in cash and US \$400,000 in shares

Work commitments:

- Year 1 – US\$300,000
- Year 2 –US\$400,000
- Year 3 – US\$500,000
- Year 4– US\$250,000

Offering

On November 5, 2019, the Company announced an offering on a non-brokered private placement basis of up to 10,000,000 units (each a “Unit”) at a price of \$0.10 per Unit, for gross proceeds of up to \$1,000,000 (the “Offering”). Each whole warrant will entitle the holder to acquire one additional common share at a price of \$0.14 per share for a period of two years from the date of closing. The Offering also includes an over-allotment option of up to 2,500,000 Units at a price of \$0.10 per Unit, for additional gross proceeds of up to \$250,000.

Warrant Repricing

On November 4, 2019, the Company intends to seek approval from the warrant holders to reprice and extend the expiry date of an aggregate of 4,601,250 outstanding share purchase warrants expiring on December 31, 2019 pursuant to a financing that closed on December 18, 2017. The warrants will be repriced from US\$0.40 to C\$0.25 and the expiry date extended to December 31, 2020. All other terms of the warrants will remain unchanged.