VIKING GOLD EXPLORATION INC.

Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

VIKING GOLD EXPLORATION INC.

December 31, 2019 and 2018

INDEX | **Page**

Financial Statements

Independent Auditor's Report

To the Shareholders of Viking Gold Exploration Inc.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has a deficit and has a working capital deficiency as at December 31, 2019. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

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with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 24, 2020

VIKING GOLD EXPLORATION INC.

Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2019	December 31, 2018
Assets		
Current		
Cash	$ 90	$ 44,802
Receivables	809	3,255
Investments (note 7)	-	13,750
Total Current Assets	899	61,807
Equipment (note 8)	-	590
Total Assets	$ 899	$ 62,397
Liabilities		
Current		
Accounts payable and accrued liabilities (notes 10 and 15)	$ 127,903	$ 466,461
Loans payable (note 11)	249,160	107,392
Interest payable on convertible debentures (notes 12 and 15)	-	57,760
Convertible debentures (notes 12 and 15)	-	107,500
Provision for indemnification of flow-through subscribers (note 13)	401,633	401,633
Total Liabilities	778,696	1,140,746
Shareholders' Deficiency		
Share Capital (note 14)	9,229,033	9,009,002
Deficit	(10,006,830)	(10,087,351)
Total Shareholders' Deficiency	(777,797)	(1,078,349)
Total Liabilities and Shareholders' Deficiency	$ 899	$ 62,397

Going Concern (note 2)
Commitments and Contingencies (note 19)
Subsequent Events (note 20)

Approved on behalf of the Board:

"Nathan Tribble" *"Dominic Verdejo"*

……………………………… Director ……………………………… Director
Nathan Tribble Dominic Verdejo

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

VIKING GOLD EXPLORATION INC.

Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Expenses		
Depreciation (note 8)	$ 164	$ 300
Interest (notes 11 and 12)	31,050	24,838
Management fees (note 15)	5,000	24,000
Office and miscellaneous	3,843	6,162
Professional fees	19,889	63,231
Rent	4,000	-
Shareholder communications and investor relations	8,675	-
Transfer agent and filing fees	19,490	-
Loss Before Other Items	(92,111)	(118,531)
Other Items		
Gain on disposition of exploration and evaluation assets (note 9)	-	79,800
Gain on settlement of debt	154,429	-
Loss on disposal of equipment	(426)	-
Realized loss on investments (note 7)	(16,155)	(15,284)
Change in unrealized gain (loss) on investments (note 7)	12,250	(12,250)
Change in estimated Part XII.6 tax accrual	22,534	-
Net Income (Loss) and Comprehensive Income (Loss) for the Year	$ 80,521	$ (66,265)
Basic and Diluted Earnings (Loss) Per Share	$ 0.01	$ (0.01)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	9,749,728	7,977,763

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

VIKING GOLD EXPLORATION INC.
Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Equity-settled Employee Benefit Reserve	Deficit	Total
Balance, December 31, 2017	**7,977,763**	**$ 9,009,002**	**$ 8,751**	**$ (10,029,837)**	**$ (1,012,084)**
Expiry of stock options	-	-	(8,751)	8,751	-
Net loss and comprehensive loss for the year	-	-	-	(66,265)	(66,265)
Balance, December 31, 2018	**7,977,763**	**9,009,002**	**-**	**(10,087,351)**	**(1,078,349)**
Shares issued for settlement of debt	4,826,620	220,031	-	-	220,031
Net income and comprehensive income for the year	-	-	-	80,521	80,521
Balance, December 31, 2019	**12,804,383**	**$ 9,229,033**	**$ -**	**$ (10,006,830)**	**$ (777,797)**

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

VIKING GOLD EXPLORATION INC.
Statements of Cash Flows
For the Years Ended December 31,
(Expressed in Canadian Dollars)

	2019	2018
Operating Activities		
Net income (loss)	$ 80,521	$ (66,265)
Items not involving cash		
Depreciation	164	300
Interest accrued on loans payable	26,918	8,117
Interest accrued on convertible debentures	4,132	15,721
Gain on disposition of exploration and evaluation assets	-	(79,800)
Gain on settlement of debt	(154,429)	-
Loss on disposal of equipment	426	-
Realized loss on investments	16,155	15,284
Change in unrealized (gain) loss on investments	(12,250)	12,250
Changes in non-cash working capital		
Receivables	2,446	2,791
Accounts payable and accrued liabilities	(133,490)	(23,410)
Cash Used in Operating Activities	(169,407)	(115,012)
Investing Activity		
Proceeds on sale of investments	9,845	70,516
Cash Provided by Investing Activity	9,845	70,516
Financing Activities		
Loan proceeds	114,850	99,275
Flow-through indemnification payment	-	(13,367)
Cash Provided by Financing Activities	114,850	85,908
(Outflow) Inflow of Cash	(44,712)	41,412
Cash, Beginning of Year	44,802	3,390
Cash, End of Year	$ 90	$ 44,802

Supplemental Disclosure with Respect to Cash Flows (note 16)

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

1. NATURE OF OPERATIONS

Viking Gold Exploration Inc. (the "Company" or "Viking") is a Canadian mineral exploration company with interests in projects located in Quebec. The address of the Company's corporate office and its principal place of business is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6. The Company's registered and records office is 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5. The Company was incorporated under the laws of the Province of Ontario, and on August 6, 2019, was continued into British Columbia. The Company is a reporting issuer in the provinces of Ontario, Newfoundland and Labrador, British Columbia and Alberta. The Company was under a Cease Trade Order that was filed December 8, 2015 for failure to file its financial statements. The Cease Trade Order was revoked on April 4, 2019. Viking is currently a reporting issuer seeking reactivation on the NEX board of the TSX Venture Exchange ("TSX-V").

On August 12, 2019, the Company consolidated its common shares on the basis of one new share for ten old shares. All share and per share amounts have been revised to reflect the consolidation.

The Company's exploration projects are described in note 9. There has been no determination whether the Company's properties contain mineral reserves that are economically recoverable. Since its reorganization in 2004, the Company has not earned significant revenue and is considered to be an exploration stage entity.

Although the Company has taken steps to verify title to the properties in which it has an interest, 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 government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, negotiation of contracts, currency fluctuations and political uncertainty.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred net income during the year ended December 31, 2019 of $80,521 (2018 – net loss of $66,265) and as at December 31, 2019 has a deficit of $10,006,830 (2018 - $10,087,351), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. As at December 31, 2019, the Company also had a working capital deficiency of $777,797 (2018 - $1,078,939). The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful.

If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 24, 2020.

b) Basis of Measurement

These financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the significant accounting policies (note 4). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout by the Company for purposes of these financial statements.

a) Financial Instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 *Financial Instruments* are classified and measured as "financial assets at fair value", as either fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"), and "financial assets at amortized cost", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Cash and receivables held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the effective interest rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statements of income (loss) and comprehensive income (loss).

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of income (loss) and comprehensive income (loss). The Company's investments are classified as financial assets at FVPL.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments (continued)

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of income (loss) and comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of income (loss) and comprehensive income (loss) when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held-for-trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, loans payable, interest payable on convertible debentures and convertible debentures, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of income (loss) and comprehensive income (loss).

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of income (loss) and comprehensive income (loss).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments (continued)

Fair value hierarchy
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 included within Level 1 that are observable for the asset or liability either directly or indirectly (e.g., broker quotes); and
Level 3 – Inputs for assets or liabilities that are not based on observable market data.

Financial assets and liabilities are recognized in the statement of financial position when the Company has become party to the contractual provision of the instruments.

b) Exploration and Evaluation ("E&E")

E&E expenditures include the direct costs of mineral exploration rights, licenses, technical services and studies, environmental studies, exploration drilling and testing, production scale manufacturing tests, directly attributable overhead and administrative expenses, including remuneration of operating personnel and supervisory management, and all costs relating to the acquisition of mineral properties determined to be the acquisition of assets and liabilities for accounting purposes. E&E expenditures are expensed as incurred to the date that costs incurred are determined to be economically recoverable, the assessment of which would require the completion of a feasibility study that demonstrates a positive commercial outcome, and for the Company to decide to move forward with development of the property into a commercial operation such that it is probable that the future economic benefits will flow to the Company.

c) Equipment

Items of equipment are recorded at cost less accumulated depreciation and impairment losses. The Company recognizes, in the carrying amount of an item of equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are charged to profit or loss as incurred. Depreciation of equipment is provided on a declining-balance basis over the estimated useful life at a rate of 20%.

d) Impairment

The carrying amounts of the Company's non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is charged to profit or loss whenever the carrying amount of an asset (or its cash-generating unit) exceeds its recoverable amount. An asset's recoverable amount is the greater of its fair value less costs to sell and its value-in-use (calculated as the present value of expected future cash flows). Impairment losses, other than for goodwill, may be reversed if there has been a change in the estimates used to determine the recoverable amount.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Decommissioning, Restoration and Similar Obligations

Obligations to perform, or fund, site decommissioning, restoration or other rehabilitative work arise when a disturbance to a mineral property is caused by exploration, development or production. The costs associated with these obligations are capitalized to the asset's carrying value and accrued as liabilities as incurred, using a current pre-tax risk-free interest rate and based on management's assumptions and best estimates. Capitalized costs are charged to profit or loss over the economic life of the related asset using the unit-of-production method of amortization. The related liability is adjusted each period for changes in the current pre-tax risk-free interest rate, and the amount and timing of the underlying cash flows needed to settle the obligation. The increase in provisions for decommissioning, restoration and similar obligations due to the passage of time, is charged to profit or loss as a finance cost. The Company is not aware of any existing material decommissioning, restoration or similar obligations as at December 31, 2019 and 2018, as the disturbance to mineral properties through exploration to date is minimal.

f) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. The Company does not invest in any asset-backed deposits or investments. The Company has no banking arrangements for overdrafts or borrowings.

g) Income Taxes

Income tax expense (recovery) included in profit or loss is the sum of current and deferred tax as explained below.

Current tax

Current tax is the expected income tax payable (recoverable) on the taxable income (loss) for the period, using tax rates enacted, or substantively enacted, as at the reporting date. Current tax expense (recovery) included in profit or loss reflects the current tax for the reporting period, plus adjustments to the current tax of prior periods, less current tax recorded directly in other comprehensive income (loss) or equity.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences and unused tax losses and tax credits can be utilized. Deferred tax is calculated on a non-discounted basis, using tax rates enacted, or substantively enacted, as at the reporting date. The carrying amounts of individual deferred tax assets are reviewed at the reporting date and are only recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The deferred tax expense (recovery) included in profit or loss reflects the net change in deferred tax assets and liabilities, less deferred tax recorded directly in other comprehensive income (loss) or equity, less adjustments for flow-through premiums, as further explained in note 4i.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Income Taxes (continued)

In assessing the probability that a potential deferred tax asset will be recovered, management makes estimates as to the Company's future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken by the Company 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.

h) Share Capital and Common Share Purchase Warrants

The Company's common shares are classified as equity and may be issued on either a flow-through or non-flow-through basis. Certain unique aspects of flow-through shares are discussed in greater detail in note 4i.

The Company periodically issues units to investors consisting of common shares and common share purchase warrants in private placements. Each whole warrant issued entitles the holder to acquire a common share of the Company at a fixed Canadian dollar price over a specified term. These warrants are not transferable from the original investor to a new investor. The Company's investor warrants are equity instruments and not financial liabilities or financial derivatives. Accordingly, gross investor proceeds received from the issuance of units are accounted for as an increase in share capital. No separate valuation (i.e., bifurcation) of investor warrants is made for accounting purposes at the time of issuance or at any time thereafter.

Transaction costs directly attributable to the issuance of units (such as legal, finders' and regulatory fees) are recognized as a decrease in share capital, net of related income tax effects. Other warrants (e.g., broker warrants issued in a private placement) are also included in transaction costs at their estimated issue date fair value, as determined using the Black-Scholes option pricing model. An offsetting credit is recorded in equity as a reduction of deficit.

When investor or other warrants are exercised, the proceeds received are added to share capital. When investor or other warrants expire unexercised, a related income tax charge is, if material, deducted from share capital.

The Company makes full and relevant disclosure of outstanding investor and other warrants in its financial statements, so that readers can assess the impact of potential future warrant exercises on the Company's cash flows and outstanding shares.

i) Flow-through Shares

The Company finances its exploration activities through the issuance of flow-through common shares. These shares transfer the tax deductibility of resource expenditures to investors. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the accounting policy described below.

At the time of issuing flow-through shares, the Company allocates the proceeds of issuance to share capital and the sale of tax benefits. The allocation to tax benefits is recorded as a liability and is based on the estimated premium, if any, an investor pays for the common shares over the value of the shares issued based on the quoted price.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Flow-through Shares (continued)

As qualifying exploration expenditures are made in each reporting period, the Company expenses these costs in the statement of income (loss). If the Company intends to formally renounce these expenditures to investors under an existing flow-through agreement (whether using the "General Rule" or "Look-back Rule", as permitted under Canadian income tax regulations), it earmarks them as "effectively renounced" as at the end of the reporting period, and records a related deferred tax expense/liability, net of a proportionate amount of any related share issue premium. At the end of each reporting period, the Company discloses its outstanding flow-through expenditure commitment.

j) Share-based Payments

The Company's accounting policies for share-based payments are outlined below.

Employees

The term "employees" as used in these financial statements includes all officers, directors and others, including persons providing services that are similar to those provided by employees, e.g., certain consultants.

Equity-settled Transactions

An equity-settled transaction occurs when the Company enters into an agreement to acquire goods or services in exchange for its shares or other equity instruments. Such transactions are recorded at the fair value of the goods or services received. When shares or other securities are issued to compensate key employees, the fair value is determined using the market value of the securities issued. When employees purchase shares or other securities on the same terms as non-employee investors, such transactions are not treated as share-based payments (see notes 4h and 4i).

Common share purchase options ("options") are granted to key employees as performance incentives. The fair value of options granted is determined using the Black-Scholes option pricing model. This amount is recognized as a compensation expense in profit or loss at time of vesting with offsetting credits recorded to an equity-settled employee benefit reserve. When options are exercised, a transfer is made from the reserve to share capital and added to the proceeds of issuance. When options expire or are forfeited, a transfer is made from the reserve to deficit. Accordingly, the balance of the reserve at each reporting date reflects the Company's unexpired/unexercised vested options.

The Company's stock option plan is described in note 14c. The Company's accounting policies for share-based payments made to acquire mineral property interests or to compensate brokers are discussed in notes 4b and 4h.

Cash-settled Transactions

A cash-settled transaction occurs when the Company enters into an agreement in which it incurs a liability linked to the Company's share price. Such transactions are recorded at the grant date, but are subsequently remeasured to fair value in each period, until the liability is settled. The Company has not entered into any cash-settled transactions.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted earnings (loss) per share is calculated in a similar manner, but with adjustments to give full effect to all dilutive potential common shares that were outstanding during the period. Anti-dilutive effects of potential conversions of securities are ignored for this calculation. Out-of-the-money warrants and options are considered to be anti-dilutive. The Company's convertible debentures have been excluded from the diluted loss per share for the years ended December 31, 2019 and 2018 as their effect is anti-dilutive.

l) New Accounting Standards Adopted During the Year

Initial adoption

On January 1, 2019, the Company adopted IFRS 16 *Leases* which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

The Company has elected to apply IFRS 16 using a modified retrospective approach, which does not require restatement of prior period financial information. Modified retrospective application recognizes the cumulative effect of IFRS 16 as an adjustment to opening deficit at January 1, 2019 and applies the standard prospectively. The Company has determined that at January 1, 2019, adoption of IFRS 16 will not result in the recognition of a right-of-use ("ROU") asset nor a lease obligation as the Company had no leases during 2019.

Ongoing recognition and measurement

On the date that the leased asset becomes available for use, the Company recognizes a ROU asset and a corresponding lease obligation. Interest expense associated with the lease obligation is charged to the statement of income (loss) over the lease period with a corresponding increase to the lease obligation. The lease obligation is reduced as payments are made against the principal portion of the lease. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation of the ROU asset is recognized in depreciation expense.

ROU assets and lease obligations are initially measured on a present value basis. Lease obligations are measured as the net present value of the lease payments, which may include: fixed lease payments, variable lease payments that are based on an index or a rate, and amounts expected to be payable under residual value guarantees and payments to exercise an extension or termination option, if the Company is reasonably certain to exercise either of those options. ROU assets are measured at cost, which is comprised of the amount of the initial measurement of the lease obligation, less any incentives received, plus any lease payments made at, or before, the commencement date and initial direct costs and asset restoration costs, if any. The rate implicit in the lease is used to determine the present value of the liability and ROU asset arising from a lease, unless this rate is not readily determinable, in which case the Company's incremental borrowing rate is used.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

a) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

b) Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. The financial statements have been prepared on the basis of accounting principles applicable to a going concern, as disclosed in note 2.

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

a) Decommissioning Liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key sources of estimation uncertainty (continued)

a) Decommissioning Liabilities (continued)

Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs that will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at December 31, 2019 and 2018, the Company had no known rehabilitation requirements, and accordingly, no provision has been made.

b) Fair Value of Stock Options Granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

c) Income, value added, withholding and other taxes

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

d) Commitments, contingencies and provisions

See notes 13 and 19.

6. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as amortized cost; investments, as fair value through profit or loss; receivables, as amortized cost; and accounts payable and accrued liabilities, loans payable, convertible debentures and interest payable on convertible debentures, as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

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

December 31, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments	$ -	$ -	$ -	$ -

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

December 31, 2018	Level 1	Level 2	Level 3	Total
Investments	$ 13,750	$ -	$ -	$ 13,750

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. Included in receivables is $809 (2018 - $3,255) owing from the Canada Revenue Agency. The Company has minimal credit risk.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of December 31, 2019 equal $778,696 (2018 - $1,140,746). All of the liabilities presented as accounts payable and accrued liabilities are due within 30 days of December 31, 2019. The cash available is not sufficient to meet the Company's financial obligations at December 31, 2019. The Company will need to raise additional capital in order to address its liquidity.

c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on capital.

i) *Currency risk* – Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has no funds held in a foreign currency, and as a result, is not exposed to significant currency risk on its financial instruments at period-end.

ii) *Interest rate risk* – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider the related interest rate risk to be significant. The Company incurs interest on fixed rate debentures and loans payable. It may be subject to changes in cash flows resulting from rate changes upon renewal.

iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is exposed to price risk with respect to its investments. Unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company is exposed to some price risk with respect to commodity prices; however, this is limited since the Company is not a producing entity. The Company closely monitors commodity prices to determine its appropriate course of action.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

d) Capital Management

The Company considers its capital to be comprised of shareholders' deficiency.

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

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company spends its working capital and raises additional amounts as needed. The Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended December 31, 2019 and 2018.

The Company is not subject to externally imposed capital requirements other than of the TSX-V, which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months. As of December 31, 2019, the Company is not compliant with the policies of the TSX-V. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX-V.

7. INVESTMENTS

	December 31, 2019	**December 31, 2018**
Investment in Troy Energy Corp.		
At December 31, 2019 – nil common shares with a cost of $nil		
At December 31, 2018 – 250,000 common shares with a cost of $20,000	$ -	$ 7,500
Investment in Cartier Resources Inc.		
At December 31, 2019 – nil common shares with a cost of $nil		
At December 31, 2018 – 50,000 common shares with a cost of $6,000	-	6,250
	$ -	$ 13,750

During the year ended December 31, 2019, 50,000 shares of Cartier Resources Inc. were sold for net proceeds of $5,095, resulting in a loss on sale of investments of $905. Also, 250,000 shares of Troy Energy Corp. were sold for net proceeds of $4,750, resulting in a loss on sale of investments of $15,250.

In January 2018, 60,000 shares of Goldmining Inc. were received and were sold during the year ended December 31, 2018 for net proceeds of $63,864, resulting in a loss on sale of investments of $15,936.

(Expressed in Canadian Dollars)

7. INVESTMENTS (Continued)

During the year ended December 31, 2018, 50,000 shares of Cartier Resources Inc. were sold for net proceeds of $6,652, resulting in a gain on sale of investments of $652.

8. EQUIPMENT

		Furniture and Equipment
Cost		
Balance, December 31, 2017 and 2018	**$**	**4,741**
Disposal		(4,741)
Balance, December 31, 2019	**$**	**-**
Accumulated Depreciation		
Balance, December 31, 2017	$	3,851
Depreciation		300
Balance, December 31, 2018		**4,151**
Depreciation		164
Disposal		(4,315)
Balance, December 31, 2019	**$**	**-**
Net Book Value, December 31, 2018	**$**	**590**
Net Book Value, December 31, 2019	**$**	**-**

9. EXPLORATION AND EVALUATION ASSETS

a) In January 2018, the Company sold three interests in the Northwest Territories to Goldmining Inc. for 60,000 shares of Goldmining Inc. with a fair value of $79,800 based on the quoted market price of the shares on the date of the agreement.

b) During the year ended December 31, 2016, the Company sold its 60% interest in Viking Yellowknife JV for $70,000 and a conditional 250,000 shares of the purchasing company if the property was ever taken public, resulting in a gain of $70,000. The Company retains a 0.6% net smelter return royalty, which the purchaser can buy back for $1,000,000.

c) During the year ended December 31, 2017, the Company received the conditional 250,000 shares of the purchasing company, resulting in a gain of $20,000 based on the quoted market price of the shares on the date they were received.

d) In 2011, the Company acquired a 100% interest in the Verneuil East Property located in Quebec.

(Expressed in Canadian Dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITES

	December 31, 2019	December 31, 2018
Trade payables (note 14)	$ 43,955	$ 37,984
Accrued liabilities	40,000	71,600
Accrued Part XII.6 tax and related amounts (note 13)	35,198	100,627
Due to related parties (note 15)	8,750	256,250
	$ 127,903	$ 466,461

On April 4, 2019, the Company agreed to settle $15,000 of trade payables for 250,000 common shares of the Company valued at $0.036 per share. On August 19, 2019, the Company issued the common shares and recorded a gain on settlement debt of $6,000.

11. LOANS PAYABLE

Issuance	Maturity	Interest Rate	Principal	Accrued Interest	Total
March 5, 2018	September 2, 2018	10%/20%*	$ 33,425	$ 10,522	$ 43,947
July 17, 2018	November 14, 2018	10%/20%*	40,850	11,886	52,736
August 22, 2018	December 20, 2018	10%/20%*	25,000	5,959	30,959
January 28, 2019	May 28, 2019	10%/20%*	10,000	1,513	11,513
February 27, 2019	June 27, 2019	10%/20%*	9,850	1,328	11,178
March 20, 2019	July 18, 2019	10%/20%*	5,000	616	5,616
May 24, 2019	September 21, 2019	10%/20%*	20,000	1,754	21,754
August 2, 2019	November 30, 2019	10%/20%*	20,000	1,156	21,156
December 9, 2019	April 7, 2020	10%/20%*	50,000	301	50,301
Total			$ 214,125	$ 35,035	$ 249,160

*The loan bears interest at 10% until its maturity date, after which the interest rate increases to 20% if not repaid.

The March 5, 2018 loan agreement includes a bonus payment of $10,000 to the lender if the Company's common shares are reinstated for trading (note 1).

12. CONVERTIBLE DEBENTURES

On July 7, 2014, the Company completed a private placement of $107,500 10% unsecured convertible debentures (the "Debentures") that matured on June 30, 2015. A related party invested $10,000 in the placement. The Debentures bear interest at the rate of 10% per annum, which will be paid on maturity.

Interest expense on the Debentures for the year ended December 31, 2019 was $4,132 (2018 - $16,721).

On April 4, 2019, the Company agreed to settle $165,263 worth of convertible debentures ($107,500 of principal and $57,763 of accrued interest) for 3,305,260 common shares of the Company valued at $0.05 per share. On August 19, 2019, the Company issued the common shares and the remaining accrued interest of $4,129 was recorded as a gain on settlement of debt.

13. PROVISION FOR INDEMNIFICATION OF FLOW-THROUGH SUBCRIBERS

As at December 31, 2012, the Company was committed to incur $566,880 in qualifying Canadian exploration expenditures prior to January 1, 2014, pursuant to two 2012 private placements for which flow-through share proceeds had been received by the Company and then renounced to Ontario and Quebec subscribers effective December 31, 2012.

The Company incurred actual qualifying expenditures of $6,444 in 2012 and $7,608 in 2013, leaving a shortfall of $552,828 as at December 31, 2013. Accordingly, effective December 31, 2013, the Company recorded (in other expense and current liabilities) a $400,000 provision for the estimated cost to indemnify flow-through share subscribers for their expected personal income tax reassessments by Canada Revenue Agency and Revenu Québec, attributable to each subscriber's proportionate share of the shortfall. The indemnifications are provided for in the underlying subscription agreements for the private placements. The governmental audit/reassessment process may be lengthy; therefore, it may be several months or longer before the Company's final liability is exigible. In 2014, the Company recorded a further $15,000 related to interest on reassessed amounts.

The Company has made the following assumptions in estimating its subscriber indemnification provision:

- Ontario subscribers have a combined personal income tax rate of 47.97% and are eligible for both the federal 15% and provincial 5% investment tax credits;
- Quebec subscribers have a combined personal income tax rate of 48.22% and are eligible for the federal 15% investment tax credit and the 150% Canadian exploration expenditures "super-allowance";
- Of the $552,828 shortfall, $73,329 applies to Ontario subscribers and $479,499 applies to Quebec subscribers; and
- Subscribers will be assessed two years' interest on reassessed amounts.

As at December 31, 2019 and 2018, the Company has also accrued in accounts payable and accrued liabilities (see note 10), the estimated federal Part XII.6 tax and similar Quebec tax for 2013 and prior years.

During the year ended December 31, 2018, the Company paid $13,367 in compensation to one subscriber for additional taxes owing as a result of this flow-through spending shortfall.

During the year ended December 31, 2019, the Company reached an agreement to pay outstanding Part XII.6 tax of $48,093. The Company had previously accrued $70,627 for Part XII.6 tax, resulting in a recovery of $22,534.

Additional contingent liabilities with respect to the Company's flow-through share commitments for 2011 and prior years are discussed in note 19a.

14. SHARE CAPITAL

a) Authorized

Unlimited number of common voting shares without par value.

b) Issued

For the year ended December 31, 2019

On August 12, 2019, the Company consolidated its common shares on the basis of one new share for ten old shares. All shares and per share amounts have been revised to reflect the consolidation.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (Continued)

b) Issued (continued)

On August 19, 2019, the Company issued 4,826,620 common shares valued at $220,031 to settle trade payables of $15,000, convertible debentures of $165,263 ($107,500 of principal and $57,763 of interest) and amounts due to related parties of $190,068.

For the year ended December 31, 2018

There were no changes to issued share capital during the year ended December 31, 2018.

c) Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the plan. The exercise price of these options is not less than the Company's closing market price on the day prior to the grant of the options less the applicable discount permitted by the TSX-V, and will not otherwise be less than $0.10 per share. Options granted may not exceed a term of five years. All options vest when granted unless otherwise specified by the Board of Directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Year Ended December 31, 2019		**Year Ended December 31, 2018**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	-	$ -	52,500	$ 1.00
Expired	-	$ -	(52,500)	$ 1.00
Outstanding, end of year	-	$ -	-	$ -

During the year ended December 31, 2018, the Company transferred $8,751 from equity-settled employee benefit reserve to deficit upon the expiry of 52,500 stock options granted to consultants.

15. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive income (loss):

	Year Ended December 31, 2019	**Year Ended December 31, 2018**
Short-term compensation	$ 5,000	$ 24,000

During the year ended December 31, 2019, short-term compensation to related parties consisted of $5,000 (2018 - $24,000) in management fees.

As at December 31, 2019, the Company has outstanding amounts payable to officers, directors and advisory committee members of the Company of $12,950 (2018 - $256,250) for outstanding fees and expenses. The amounts payable are non-interest-bearing, uncollateralized and repayable on demand.

(Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS (Continued)

As at December 31, 2018, related parties were also invested in the convertible debentures (note 12).

On April 4, 2019, the Company agreed to settle $225,068 of amounts due to related parties for $35,000 in cash and 1,271,360 common shares of the Company valued at $0.036 per share. The Company issued the common shares on August 19, 2019 and recorded a gain on settlement of debt of $144,300.

See note 20b for additional disclosure.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	December 31, 2019	December 31, 2018
Income tax paid	$ -	$ -
Interest paid	$ -	$ -
Shares issued for settlement of debt	$ 220,031	$ -

17. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. All of the Company's assets are located in Canada.

18. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	December 31, 2019	December 31, 2018
Income (loss) before income taxes	$ 80,521	$ (66,265)
Statutory income tax rate	26.8%	26.8%
Income tax benefit computed at statutory tax rate	21,000	(18,000)
Unrealized loss on investments	1,000	3,000
Unrecognized benefit of deferred income tax assets	(22,000)	15,000
Income tax expense (recovery)	$ -	$ -

The significant components of the Company's unrecognized temporary differences at December 31, 2019 and 2018 are presented below:

(Expressed in Canadian Dollars)

18. INCOME TAXES (Continued)

	December 31, 2019	December 31, 2018
Non-capital losses carried forward	$ 1,015,000	$ 1,100,000
Capital losses carried forward	131,000	115,000
Other tax pools	383,000	383,000
Exploration and evaluation assets	3,100,000	3,100,000
Investments	-	26,000
	4,629,000	4,724,000
Unrecognized temporary differences	(4,629,000)	(4,724,000)
Net temporary differences	$ -	$ -

The Company has non-capital losses of $1,015,000 available for carry-forward to reduce future years' income for income tax purposes. These losses expire as follows:

2027	$ 20,000
2028	66,000
2029	77,000
2030	55,000
2031	143,000
2032	35,000
2033	124,000
2034	64,000
2034	207,000
2036	106,000
2038	118,000
	$ 1,015,000

The capital losses may only be utilized for tax purposes against capital gains. The exploration and evaluation expenditures of $3,100,000 do not expire under current legislation.

19. COMMITMENTS AND CONTINGENCIES

a) Flow-through Shares

The Company believes that it has incurred sufficient qualifying expenditures to satisfy its December 31, 2011 and prior flow-through share commitments in respect of Ontario and Quebec subscribers, though such expenditures and the Company's related tax returns are subject to potential audit and reassessment by Canada Revenue Agency and Revenu Québec. The Company has agreed to indemnify the subscribers of its flow-through shares for tax-related amounts that become payable by them if the Company fails to meet its expenditure commitments.

The Company's original December 31, 2012 flow-through share commitment is discussed in note 13.

19. COMMITMENTS AND CONTINGENCIES (Continued)

b) Environmental Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations and has made, and expects to make in the future, appropriate expenditures to comply with such laws and regulations.

20. SUBSEQUENT EVENTS

a) In early March 2020, there was a global outbreak of coronavirus (COVID-19) that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a prospective material impact to the Company's project exploration activities, cash flows and liquidity.

b) On December 23, 2019, the Company announced a private placement for gross proceeds of up to $456,000 and a consolidation of its common shares on a one new share for ten old shares basis. The private placement consists of up to 9,120,000 units at a price of $0.05 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.05 for a period of one year. Closing of the private placement and the share consolidation are subject to regulatory approval. As of April 24, 2020, regulatory review was in progress, but approval had not been received. The Company has received subscription agreements for 7,100,000 units and gross proceeds of $355,000. Officers and directors of the Company subscribed for 440,000 units and gross proceeds of $22,000.