Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

INDEX | Page

Independent Auditor's Report

To the Shareholders of Argo Gold Inc.

Opinion

We have audited the financial statements of Argo Gold Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity 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.

Other matters

We draw attention to Note 3 to the financial statements, which explains that certain comparative information as at and for the year ended December 31, 2017 has been restated in connection with changes in accounting policies.

The financial statements of the Company as at and for the year ended December 31, 2017, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2018.

As part of our audit of the financial statements for the years ended December 31, 2019 and 2018, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied. Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the financial statements as at and for the year ended December 31, 2017. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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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 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.

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- 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 29, 2020

Statements of Financial Position
As at

(Expressed in Canadian Dollars)		**December 31, 2019**	December 31, 2018	December 31, 2017
			(Note 3)	(Note 3)
Assets				
Current assets				
Cash		**$ 123,585**	$ 250,713	$ 51,912
Subscriptions receivable	Note 10(b)	**10,800**	802,838	-
HST receivable		**14,447**	28,125	106,115
Prepaid expenses		**15,996**	8,254	-
Investments	Note 6	**152,925**	137,025	-
		317,753	1,226,955	158,027
Non-current assets				
Mineral properties	Note 8	**808,983**	808,983	778,983
Equipment	Note 9	**926**	6,178	4,632
Total Assets		**$ 1,127,662**	$ 2,042,116	$ 941,642
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities	Note 11	**$ 268,958**	$ 277,773	$ 106,028
Flow-through share premium liability	Notes 10,13	**5,951**	299,466	-
		274,909	577,239	106,028
Shareholders' Equity				
Share capital	Note 10(b)	**12,791,100**	12,450,329	11,440,050
Warrant reserve	Note 10(d)	**-**	245,576	206,449
Stock option reserve	Note 10(c)	**471,820**	261,073	243,632
Deficit		**(12,410,167)**	(11,492,101)	(11,054,517)
		852,753	1,464,877	835,614
Total Liabilities and Shareholders' Equity		**$ 1,127,662**	$ 2,042,116	$ 941,642

Nature of operations and going concern (Note 1)
Commitments (Note 13)
Subsequent events (Note 14)

Approved by the Board of Directors and authorized on April 29, 2020:

"*Judy Baker*"	"*Bryan Wilson*"
Judy Baker	Bryan Wilson
Director	Director

The accompanying notes form an integral part of these financial statements

Statements of Loss and Comprehensive Loss
For the years ended

(Expressed in Canadian Dollars)		December 31, **2019**	2018 (Note 3)
Expenses			
Exploration and evaluation	Notes 3,8	$ **853,736**	$ 228,680
Management fees	Note 11	**94,000**	109,000
Business development		**37,260**	42,635
Professional fees		**56,529**	115,939
Consulting fees		**31,500**	73,017
Advertising and promotion		**31,245**	65,672
Investor relations		**60,042**	61,245
General and administrative		**62,969**	62,530
Listing and regulatory fees		**12,141**	8,192
Shareholder relations		**5,091**	19,145
Depreciation	Note 9	**5,252**	2,961
Share-based compensation	Note 10(c)	**312,991**	56,327
Total expenses		**1,562,756**	845,343
Loss before the undernoted		**(1,562,756)**	(845,343)
Bank charges		**(398)**	(380)
Part X11.6 taxes		**-**	(227)
Interest income		**40**	2
Flow-through share premium recovery	Notes 10,13	**299,466**	-
Gain on disposal of mineral properties	Notes 3,6	**-**	755,751
Realized loss on sale of investments	Note 6	**(43,345)**	(12,600)
Change in unrealized gain (loss) on value of investments	Note 6	**81,555**	(400,005)
Net loss and comprehensive loss for the year		**$ (1,225,438)**	$ (502,802)
Net loss per share			
Basic and diluted loss per share		**$ (0.03)**	$ (0.02)
Weighted average number of shares outstanding – basic and diluted		**37,413,976**	30,310,857

The accompanying notes form an integral part of these financial statements

Statements of Changes in Shareholders' Equity

		Share Capital		Reserves			
(Expressed in Canadian Dollars)	Note	Number of Shares	Amount	Warrants	Stock Options	Deficit	Total
Balance at December 31, 2017 (Note 3)		**28,861,628**	**$ 11,440,050**	**$ 206,449**	**$ 243,632**	**$(11,054,517)**	**$ 835,614**
Shares issued for cash as part of unit financing	10(b)(v,vi)	1,725,555	310,600	-	-	-	310,600
Warrants issued as part of unit financing	10(b)(v,vi)	-	(60,854)	60,854	-	-	-
Flow-through shares issued for cash	10(b)(v,vi,vii)	3,986,500	877,030	-	-	-	877,030
Flow-through premium	10(b)(v,vi,vii)	-	(299,466)	-	-	-	(299,466)
Share issue costs	10(b)(v,vi,vii)	-	(102,899)	21,929	-	-	(80,970)
Shares issued for debt settlement	10(b)(i)(iii)	1,080,000	190,400	-	-	-	190,400
Shares issued for mineral property	8, 10(b)(ii)	200,000	30,000	-	-	-	30,000
Exercise of warrants	10(d)	376,198	48,746	(10,602)	-	-	38,144
Expiry of warrants	10(d)	-	-	(33,054)	-	33,054	-
Exercise of stock options	10(c)	100,000	16,722	-	(6,722)	-	10,000
Cancellation of stock options	10(c)	-	-	-	(32,164)	32,164	-
Share-based compensation	10(c)	-	-	-	56,327	-	56,327
Net loss for the year		-	-	-	-	(502,802)	(502,802)
Balance at December 31, 2018		**36,329,881**	**12,450,329**	**245,576**	**261,073**	**(11,492,101)**	**1,464,877**
Flow-through shares issued for cash	10(b)(xvi)	1,190,100	142,812	-	-	-	142,812
Flow-through premium	10(b)(xvi)	-	(5,951)	-	-	-	(5,951)
Share issue costs	10(b)(xvi)	-	(8,275)	-	-	-	(8,275)
Shares issued for debt settlement	10(b)(xiv)	996,868	99,687	-	-	-	99,687
Shares issued for services	10(b)(x)	80,000	12,000	-	-	-	12,000
Expiry of warrants	10(d)	-	-	(245,576)	-	245,576	-
Exercise of stock options	10(b)(c)	600,500	100,498	-	(40,448)	-	60,050
Cancellation of stock options	10(c)	-	-	-	(40,519)	40,519	-
Expiry of stock options	10(c)	-	-	-	(21,277)	21,277	-
Share-based compensation	10(c)	-	-	-	312,991	-	312,991
Net loss for the year		-	-	-	-	(1,225,438)	(1,225,438)
Balance at December 31, 2019		**39,197,349**	**$ 12,791,100**	**$ -**	**$ 471,820**	**$(12,410,167)**	**$ 852,753**

The accompanying notes form an integral part of these financial statements

Statements of Cash Flows
For the years ended

(Expressed in Canadian Dollars)		December 31, 2019	2018 (Note 3)
Cash flows from operating activities			
Net loss for the year		**$ (1,225,438)**	$ (502,802)
Adjustments not affecting cash:			
Depreciation	Note 9	**5,252**	2,961
Flow-through share premium recovery	Note 13	**(299,466)**	-
Share-based compensation	Note 10(c)	**312,991**	56,327
Shares issue for services		**12,000**	-
Gain on sale of mineral properties	Notes 3,8	**-**	(755,751)
Loss on sale of investments	Note 6	**43,345**	12,600
Change in unrealized (gain) loss on value of investments	Note 6	**(81,555)**	400,005
Operating cash flows before changes in non-cash working capital:		**(1,232,871)**	(786,660)
Changes in non-cash working capital:			
HST receivable		**13,678**	77,990
Prepaid expenses		**(7,742)**	(7,750)
Accounts payable and accrued liabilities		**90,872**	362,146
Cash used in operating activities		**(1,136,063)**	(354,274)
Cash flows from investing activities			
Sale of mineral property	Notes 6,8	**-**	200,000
Sale of investments	Note 6	**22,310**	6,120
Purchase of equipment	Note 9	**-**	(4,507)
Cash provided by investing activities		**22,310**	201,613
Cash flows from financing activities			
Issuance of common shares	Note 10(b)	**142,812**	1,187,630
Subscriptions receivable	Note 10(b)	**792,038**	(802,838)
Share issue costs	Note 10(b)	**(8,275)**	(80,970)
Exercise of warrants	Note 10(d)	**-**	37,640
Exercise of stock options	Note 10(c)	**60,050**	10,000
Cash provided by financing activities		**986,625**	351,462
(Decrease) increase in cash during the year		**(127,128)**	198,801
Cash, beginning of year		**250,713**	51,912
Cash, end of year		**$ 123,585**	$ 250,713

Supplemental cash flow information:			
Value of common shares issued on debt settlement	Note 10(b)	**$ 99,687**	$ 190,400
Value of common shares issued for services	Note 10(b)	**$ 12,000**	$ -
Value of broker warrants issued	Note 10(b)	**$ -**	$ 27,355
Value of common shares issued for mineral property	Notes 8,10(b)	**$ -**	$ 30,000

The accompanying notes form an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Argo Gold Inc. (the "Company" or "Argo Gold") was incorporated under the laws of Ontario on December 9, 1995. The Company is listed on the Canadian Stock Exchange ("CSE"), having the symbol ARQ. The Company is currently engaged in the acquisition, exploration and development of mineral properties. Effective September 19, 2016, the Company changed its name to Argo Gold Inc. from Arbitrage Exploration Inc. The address of the Company's corporate office and principal place of business is 350 Bay Street, Suite 700 Toronto, Ontario, M5H 2S6, Canada.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they 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 business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations. Changes in future conditions could require material write downs of the carrying values.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the exploration programs will result in profitable operations. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations 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, indigenous claims, and non-compliance with regulatory, environmental and social licensing requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The Company has not realized a profit from operations and has incurred significant expenditures related to property exploration, resulting in a cumulative deficit of $12,410,167 as at December 31, 2019 (December 31, 2018 - $11,492,101). The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its property interests on an advantageous basis. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be successful in future financing activities or be able to execute its business strategy. As at December 31, 2019, the Company had current assets of $317,753 (December 31, 2018 - $1,226,955) to cover current liabilities of $268,958 (December 31, 2018 - $277,773), exclusive of non-cash flow-through share premium liability (see Note 14 for financing completed subsequent to December 31, 2019).

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies set out were consistently applied to all periods presented unless otherwise noted below.

Basis of Presentation

These financial statements have been prepared on the historical cost basis, except for financial instruments designated at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency. All values are rounded to the nearest dollar.

Certain comparative figures have been reclassified to conform to the current year's presentation. These reclassifications did not affect prior year's net losses.

Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2019 were reviewed, approved and authorized for issue by the Board of Directors of the Company on April 29, 2020.

3. CHANGES IN ACCOUNTING POLICIES

During the year ended December 31, 2019, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred, provides more reliable and relevant financial information. The cost of acquiring prospective properties and exploration rights with cash and share payments are still capitalized, while all other acquisition related costs, such as staking costs, are expensed along with all exploration and evaluation costs, until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts.

In addition, during the year ended December 31, 2019, the Company changed its accounting policy with respect to recording the fair value of stock options and warrants in shareholders' equity. The Company believes that this change will provide more reliable and relevant financial information. The Company now recognizes the corresponding equity increase associated with share-based payments related to stock options, in stock option reserve and the fair value of the warrant component of unit private placements or warrants issued as share issue costs, in warrant reserve. Previously, the Company recorded these amounts in contributed surplus. For those stock options and warrants that are cancelled or expire unexercised after vesting, the recorded value is transferred to deficit. Previously, this value was left in contributed surplus.

(Expressed in Canadian Dollars)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

The financial statements for the year ended December 31, 2018 have been restated to reflect adjustments made as a result of these changes in accounting policies. The statement of loss and comprehensive loss and statement of cash flows for the year ended December 31, 2018 are only impacted by the change in accounting policy to expense exploration and evaluation expenditures.

The following is a reconciliation of the Company's financial statements as at December 31, 2018 and December 31, 2017.

Statement of Financial Position	As at December 31, 2018			
	As previously reported	Adjustment(1)	Adjustment(2)	Restated
Assets				
Current assets				
Cash	$ 250,713	$ -	$ -	$ 250,713
Subscriptions receivable	802,838	-	-	802,838
HST receivable	28,125	-	-	28,125
Prepaid expenses	8,254	-	-	8,254
Investments	137,025	-	-	137,025
	1,226,955	-	-	1,226,955
Non-current assets				
Exploration and evaluation assets	1,418,026	(609,043)	-	808,983
Equipment	6,178	-	-	6,178
Total Assets	$ 2,651,159	$ (609,043)	$ -	$ 2,042,116
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities	$ 277,769	$ -	$ 4	$ 277,773
Flow-through share premium liability	299,466	-	-	299,466
	577,235	-	4	577,239
Shareholders' Equity				
Share capital	12,453,235	-	(2,906)	12,450,329
Warrant reserve	-	-	245,576	245,576
Stock option reserve	-	-	261,073	261,073
Contributed surplus	685,358	-	(685,358)	-
Deficit	(11,064,669)	(609,043)	181,611	(11,492,101)
	2,073,924	(609,043)	(4)	1,464,877
Total Liabilities and Shareholders' Equity	$ 2,651,159	$ (609,043)	$ -	$ 2,042,116

(1) Adjustment from change in accounting policy to expense exploration and evaluation expenditures.
(2) Adjustment from change in accounting policy with respect to stock options and warrants.

(Expressed in Canadian Dollars)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Statement of Financial Position — As at December 31, 2017

	As previously reported	Adjustment(1)	Adjustment(2)	Restated
Assets				
Current assets				
Cash	$ 51,912	$ -	$ -	$ 51,912
HST receivable	106,115	-	-	106,115
	158,027	-	-	158,027
Non-current assets				
Exploration and evaluation assets	1,235,335	(456,372)	-	778,983
Equipment	4,632	-	-	4,632
Total Assets	$ 1,398,014	$ (456,372)	$ -	$ 941,642
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities	$ 106,023	$ -	$ 5	$ 106,028
	106,023	-	5	106,028
Shareholders' Equity				
Share capital	11,440,050	-	-	11,440,050
Warrant reserve	-	-	206,449	206,449
Stock option reserve	-	-	243,632	243,632
Contributed surplus	633,207	-	(633,207)	-
Deficit	(10,781,266)	(456,372)	183,121	(11,054,517)
	1,291,991	(456,372)	(5)	835,614
Total Liabilities and Shareholders' Equity	$ 1,398,014	$ (456,372)	$ -	$ 941,642

Statement of Loss and Comprehensive Loss — For the year ended December 31, 2018

	As previously reported	Adjustment(1)	Restated
Expenses			
Exploration and evaluation	$ 3,600	$ 225,080	$ 228,680
Depreciation	2,961	-	2,961
Share-based compensation	56,327	-	56,327
Other general and administrative costs	563,900	(6,525)	557,375
Total expenses	626,788	218,555	845,343
Loss before the undernoted	(626,788)	(218,555)	(845,343)
Interest and other income and expense	(605)	-	(605)
Gain on disposal of properties	689,866	65,885	755,751
Realized loss on sale of investments	(12,600)	-	(12,600)
Unrealized loss on value of investments	(400,005)	-	(400,005)
Net loss and comprehensive loss for the year	$ (350,132)	$ (152,670)	$ (502,802)
Net loss per share – basic and diluted	$ (0.01)	$ (0.01)	$ (0.02)

(1) Adjustment from change in accounting policy to expense exploration and evaluation expenditures.
(2) Adjustment from change in accounting policy with respect to stock options and warrants.

(Expressed in Canadian Dollars)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Statement of Cash Flows — For the year ended December 31, 2018

	As previously reported	Adjustment	Restated
Cash flows from operating activities			
Net loss for the year	$ (350,132)	$ (152,670)	$ (502,802)
Adjustments not affecting cash:			
Depreciation	2,961	-	2,961
Share-based compensation	56,327	-	56,327
Gain on sale of exploration and evaluation assets	(689,866)	(65,885)	(755,751)
Loss on sale of investments	12,600	-	12,600
Loss on value of investments	400,005	-	400,005
Operating cash flows before changes in non-cash working capital:	(568,105)	(218,555)	(786,660)
Changes in non-cash working capital:			
HST receivable	77,990	-	77,990
Prepaid expenses	(7,750)	-	(7,750)
Accounts payable and accrued liabilities	362,146	-	362,146
Cash used in operating activities	(135,719)	(218,555)	(354,274)
Cash flows from investing activities			
Acquisition of exploration and evaluation assets	(218,555)	218,555	-
Sale of exploration and evaluation assets	200,000	-	200,000
Sale of investments	6,120	-	6,120
Purchase of equipment	(4,507)	-	(4,507)
Cash (used in) provided by investing activities	(16,942)	218,555	201,613
Cash flows from financing activities			
Issuance of common shares	1,187,630	-	1,187.630
Subscriptions receivable	(802,838)	-	(802,838)
Share issue costs	(80,970)	-	(80,970)
Exercise of warrants	37,640	-	37,640
Exercise of stock options	10,000	-	10,000
Cash provided by financing activities	351,462	-	351,462
Increase in cash during the year	198,801	-	198,801
Cash, beginning of year	51,912	-	51,912
Cash, end of year	$ 250,713	$ -	$ 250,713

Accounting Changes

Effective January 1, 2019, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 16 and IFRIC 23. These new standards did not have any material impact on the Company's financial statements.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

IFRS 16 Leases - The Company adopted IFRS 16, Leases ("IFRS 16"), effective January 1, 2019. The objective of IFRS 16 is to recognize substantially all leases on the balance sheet for lessees. IFRS 16 requires lessees to recognize a "right-of-use" asset and a lease liability calculated using a prescribed methodology. The Company has adopted IFRS 16 using the modified retrospective approach which does not require restatement of comparative periods. Comparative information has not been restated and continues to be reported under IAS 17, Leases ("IAS 17"), and IFRIC 4, Determining Whether an Arrangement Contains a Lease ("IFRIC 4"). The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16. The adoption of IFRS 16 had no impact on the financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments. The Company adopted IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23") on January 1, 2019 with retrospective application. IFRIC 23 clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. The effect of uncertain tax treatments are recognized at the most likely amount or expected value. The adoption of IFRIC 23 had no impact on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates and Judgement

The preparation of financial statements in conformity with IFRS requires that management make judgements, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits and expenses. 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. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

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 are discussed below:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10(c).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Title to exploration and evaluation property interests

Although the Company has taken steps to verify title to exploration and evaluation 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.

Allowance for doubtful amounts

The fair value of the Company's receivables is considered to be the fair value of the amount expected to be received. Subsequent provisions for impairment are considered when amounts become past due or when other objective evidence is received that a specific counterparty will default.

Rehabilitation provisions

The Company records management's best estimate of the present value of the future cash requirements of any rehabilitation obligation as a long-term liability in the period in which the related environmental disturbance occurs based on the net present value of the estimated future costs. This obligation is adjusted at each period end to reflect the passage of time and any changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

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.

Capitalization of mineral property acquisition costs

Management has determined that capitalized acquisition costs have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits. See Note 8 for details of the Company's capitalized acquisition costs in respect of mineral properties.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of mineral properties

While assessing whether any indications of impairment exist for mineral properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used and indications of expected economic performance of the properties. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties.

Contingencies

See Note 13.

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all period presented in these financial statements except where noted.

Exploration and Evaluation Properties

Acquisition Costs

The costs of acquiring mineral property interests comprised of payments of cash and common shares, are capitalized as mineral property assets.

Exploration and Evaluation Expenditures

The costs of staking and all expenditures on exploration and evaluation activities are recorded as exploration and evaluation expenses until it has been established that a mineral property is commercially viable. Refer to Note 3.

Development Assets

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in-progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Disposition or Abandonment of Mineral Properties

Proceeds received from the sale of any interest in a mineral property are first credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition cost of the property is written off to operations.

Impairment

The application of the Company's accounting policy for acquisition costs related to mineral properties, requires judgement in determining whether there are future economic benefits, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of the carrying value is unlikely, the amount to be written off is expensed in the statement of operations in the period when the new information becomes available. The Company assesses each cash generating unit ("CGU") at each reporting date to determine whether any indication of impairment exists.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. The carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss in the statement of operations for the period.

Equipment

Recognition and Measurement

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset.

Depreciation

Computer hardware is depreciated annually on a declining balance basis using a rate of 55%.

Impairment

The carrying amounts of the Company's equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into CGUs for impairment purposes.

An impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of operations. The recoverable amount of an asset is the higher of its fair value less costs to dispose and its value in use.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased. The carrying amount after a reversal must not exceed the carrying account (net of depreciation) that would have been determined had no impairment loss been recognized.

Accounting For Income Taxes

Income tax expense is comprised of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purpose.

Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. An asset is recognized on the statement of financial position only when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in operations in the period in which the change is substantively enacted.

Loss Per Common Share

The Company presents basic and diluted loss per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible warrants and stock options granted by the Company. Diluted loss per share for the periods presented does not include the effect of the stock options and warrants issued by the Company, as they are anti-dilutive.

Share-Based Payments

The Company accounts for share-based payments using the fair value method. Under this method, compensation expense for employees is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in stock option reserve, a component of equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upon the exercise of stock options, consideration paid by the option holder together with the amount previously recognized in the stock option reserve account is recorded as an increase to share capital. For those options that are cancelled or expire after vesting, the recorded fair value is transferred from stock option reserve to deficit.

Warrants, stock options, and other equity instruments issued as purchase consideration in non-cash transactions, other than as consideration for mineral property assets, are recorded at fair value of the goods or services received or if the value of the goods or services received is not reliably measurable then the value of the instruments are measured, as determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as purchase consideration for mineral property assets is based upon the trading price on the date of the agreement to issue shares as determined by the Board of Directors.

Reclamation Obligation

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of an mineral property interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive.

The fair value of the liability for an asset retirement obligation is recorded when the legal obligation arises and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. The Company does not currently have any significant legal or constructive obligations and therefore, no reclamation provision has been recorded as at December 31, 2019 and December 31, 2018.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's common shares, warrants, stock options and flow-through shares are classified as equity instruments. Preference share capital is classified as equity if it is non-retractable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to share capital and the relative fair value of the warrant component is credited to warrant reserve. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the warrant reserve account is recorded as an increase to share capital. For those warrants that expire unexercised, the recorded fair value is transferred from warrant reserve to deficit.

Financial Instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", 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.

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 operations. The Company measures its investments at FVPL.

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

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

IFRS 9 allows a simplified approach to impairment assessment, which requires the expected lifetime loss to be recognized at the time of initial recognition of the financial assets. 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, which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

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.

Subsequent measurement – financial liabilities at FVPL

Financial liabilities measured at FVPL include financial liabilities 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 liabilities 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 statement of operations.

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 operations.

<u>Provisions</u>

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Hierarchy

Financial instruments recorded at fair value on the statements of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices including Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Investments are classified as level 1.

Flow-Through Shares

Upon the issuance of flow-through shares, the Company records the initial proceeds to capital stock, net of tax liability, if any. The flow-through share premium liability on the statement of financial position represents the premium of the financing price in excess of the market share price on the date of the flow-through share financing. The financial liability pertaining to the premium is recognized in the statement of operations consistent with expenditure renunciations. As the Company incurs eligible Canadian Exploration Expenditures ("CEE") to meet flow-through requirements, a corresponding tax liability is recognized, reflecting the difference between the accounting and tax basis of the expenditures.

New Accounting Standards and Interpretations Not Yet Effective

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2019 and, accordingly, have not been applied in preparing these financial statements.

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include and input and a substantive process that together, significantly contribute to the ability to create goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. While early adoption is permitted, the Company has not elected not to do so.

Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures (effective January 1, 2020) will affect entities that apply the hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform. The amendments modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. If a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amended Standards, hen discontinuation of hedge accounting is still required. This amendment is not expected to have any impact on the Company's financial statements.

5. FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up to date market information.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an ongoing basis.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. The 2020 budget is planned to be funded from flow-through funds raised on December 31, 2019 and with funds raised in the financing completed on February 5, 2020 (see Note 14). There is no certainty of the Company's ability to complete additional financings.

As at December 31, 2019 the Company held cash and subscriptions receivable of $134,385 (December 31, 2018 - $1,053,551) to settle current liabilities of $268,958 (December 31, 2018 - $277,773), exclusive of non-cash flow-through share premium liability. As at December 31, 2019, the Company is committed to spending $142,812 (December 31, 2018 - $877,030) on eligible CEE, which exceeds the cash on hand at year end. On February 5, 2020, the Company raised hard dollar gross proceeds of $1,008,000 through the issuance of 11,200,000 units at $0.09 per unit (see Note 14).

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at market rates. In the event that the Company held interest bearing debt, the Company could be exposed to interest rate risk. The Company does not have any interest-bearing debt. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and subscriptions receivable. The Company has reduced its credit risk by investing its cash with a Canadian chartered bank. The subscription receivable was received subsequent to December 31, 2019.

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS (Continued)

The Company's financial assets and liabilities as at December 31, 2019 and 2018 were as follows:

	Amortized Cost	FVPL	Total
December 31, 2018			
Financial assets			
Cash	$ 250,713	$ -	$ 250,713
Subscriptions receivable	$ 802,838	$ -	$ 802,838
Investments	$ -	$ 137,025	$ 137,025
Financial liabilities			
Accounts payable and accrued liabilities	$ 277,773	$ -	$ 277,773
December 31, 2019			
Financial assets			
Cash	$ 123,585	$ -	$ 123,585
Subscription receivable	$ 10,800	$ -	$ 10,800
Investments	$ -	$ 152,925	$ 152,925
Financial liabilities			
Accounts payable and accrued liabilities	$ 268,958	$ -	$ 268,958

At December 31, 2019 and 2018, there were no significant concentrations of credit risk for receivables. The carrying amounts reflected above represent the Company's maximum exposure to credit risk for such receivables.

The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

6. INVESTMENTS

	December 31, 2019			December 31, 2018		
	Shares	Share Price	Fair Value	Shares	Share Price	Fair Value
Manitou Gold Inc.	3,375,000	$0.045	$ 151,875	3,860,000	$0.035	$ 135,100
RT Minerals Corp.	35,000	$0.030	1,050	35,000	$0.055	1,925
Total Fair Value of Investments			$ 152,925			$ 137,025

On February 14, 2018, Argo Gold completed a purchase and sale agreement to sell a 100% interest in the South Wawa Gold Project to RT Minerals Corp. (“RT Minerals”) for consideration of 350,000 common shares of RT Minerals. On June 19, 2018, RT Minerals announced a consolidation of its common shares on the basis of one (1) post-consolidated share for every ten (10) pre-consolidated shares.

On April 4, 2018, the Company completed a purchase and sale agreement to sell a 100% interest in its Rockstar Gold Project located in the Sault Ste. Marie Mining Division, to Manitou Gold Inc. (“Manitou”) with the following consideration payable to Argo Gold:

i) $200,000 cash payable on closing;
ii) 4.0 million shares of Manitou payable on closing; and
ii) 1.0% net smelter return (“NSR”), of which Manitou has a one-time right to buy back 0.5% of the NSR for $500,000.

During the year ended December 31, 2019 the Company sold into the open market, 485,000 shares of Manitou for proceeds of $22,310 (December 31, 2018 – 140,000 for proceeds of $6,085).

(Expressed in Canadian Dollars)

7. CAPITAL MANAGEMENT

The Company defines capital management as the manner in which it manages its share capital. As at December 31, 2019, the Company's share capital was $12,791,100 (December 31, 2018 - $12,450,329).

There were no changes in the Company's approach to capital management during the years ended December 31, 2019 and 2018 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
b) To maintain a flexible capital structure, that optimizes the cost of capital at an acceptable risk; and
c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments or make adjustments to its capital expenditure program.

8. MINERAL PROPERTIES

Acquisition Costs	**December 31, 2019**	December 31, 2018
Uchi Gold Project	**$ 285,000**	$ 285,000
Hurdman Silver-Zinc Project	**290,000**	290,000
Wawa Area Gold Projects	**233,983**	233,983
Total exploration and evaluation assets	**$ 808,983**	$ 808,983

Uchi Gold Project

The Uchi Gold Project is comprised of a number of mineral claims located in Earngey Township, approximately 85 km northeast of Ear Fall, Ontario and 1.5 km south of the past-producing Uchi gold mine. The Uchi Gold Project claims have been assembled through a series of property acquisitions and claims staking by the Company as more fully described below.

On February 15, 2017, the Company acquired a 100% interest in the Woco mineral claims from Dollard Mines Ltd. in exchange for 1.0 million common shares of Argo Gold and a 2.0% NSR royalty on the claims. The fair value of the 1.0 million shares was estimated at $160,000 based on their market price of $0.16 per share.

On August 8, 2017, the Company acquired a 100% interest in the Northgate mineral claims, adjacent to the Woco mineral claims, from Rubicon Minerals Corporation in exchange for 500,000 common shares of the Argo Gold and a 2.0% NSR royalty on the claims (with 1.0% of this 2.0% NSR entitled to a third party per an existing agreement). 0.5% of the NSR can be purchased back by the Company for a price of $500,000. The fair value of the 500,000 shares was estimated at $95,000 based on their market price of $0.19 per share.

8. MINERAL PROPERTIES (Continued)

On February 22, 2018, the Company acquired the Geisler patented mining claims, adjacent to the northern boundary of the Woco claims, from Premier Gold Mines Limited, in exchange for 200,000 common shares of Argo Gold. The fair value of the shares was estimated at $30,000 based on their market price of $0.15 per share, on the date the acquisition agreement was signed.

In the spring of 2018, the Company staked additional claims adjacent to the west-southwest property boundary and in February 2019, the Company staked additional claims to the northwest and to the northeast property boundaries.

Hurdman Property

On September 4, 2013, the Company acquired the Hurdman Silver-Zinc Property from Eloro Resources Ltd. ("Eloro") located in Hurdman Township, in exchange for 5,000,000 common shares (1,250,000 post-consolidation) of Argo Gold and $40,000 in cash. The fair value of the 5.0 million shares was estimated at $250,000 based on their pre-consolidation market price of $0.05 per share.

In the spring of 2018, Argo Gold staked additional claims to the southeast. All the claims comprising the Hurdman Property are 100% owned by Argo Gold.

Wawa Area Gold Projects

On November 7, 2016, the Company acquired a 100% interest in mineral claims located in the townships of Jacobson, Riggs, Abbie Lake area and David Lakes area near Wawa, Ontario from Upper Canada Exploration Inc., in exchange for 1,739,833 common shares of Argo Gold and a 2.0% NSR on the mineral claims. The fair value of the 1,739,833 shares was estimated at $173,983 based on their market price of $0.10 per share. The mineral claims include the Rockstar Property in Jacobson and Riggs townships, the Macassa Creek property, consisting of two mineral claims in the David Lakes area and the Abbie Lake property in the Abbie Lake area.

In February 2017, the Company staked claims to the southwest of Wawa in Naveau Township, Sault Ste. Marie Mining Division (“South Wawa Gold Project”). On February 14, 2018, Argo Gold completed a purchase and sale agreement to sell its 100% interest in the South Wawa Gold Project to RT Minerals Corp. for consideration of 350,000 common shares of RT Minerals (see Note 6).

On April 7, 2017, the Company acquired a 100% interest in the Mishi Lake property located in the Mishibishu Lake Area and St. Germain Township of the Sault St. Marie Mining District in exchange for an aggregate of 250,000 common shares of Argo Gold. The fair value of the shares was estimated at $60,000 based on their market price of $0.24 per share. The Mishi Lake Gold Project of comprised of three mineral claims, one in the Mishibishu Lake Area and two in the St. Germain Township covering 656 hectares, located on the eastern central portion of the Mishibishu Deformation Zone in the Mishibishu Lake Greenstone Belt.

In the spring of 2018, the Company staked additional mineral claims adjacent to the west property boundary at Macassa Creek and adjacent to the east boundary at Abbie Lake.

On April 4, 2018, the Company sold 16 claims comprising the Rockstar Property, to Manitou Gold Inc. for $200,000 in cash and 4,000,000 common shares of Manitou (see Note 6).

(Expressed in Canadian Dollars)

8. MINERAL PROPERTY INTERESTS (Continued)

McVicar Lake Gold Project

In June 2016, the Company staked claims in the McVicar Lake and Stoughton Lake areas located approximately 90 km west of Pickle Lake. In September 2017, the Company staked additional claims adjacent to the west boundary and in the spring of 2018, staked additional claims adjacent to the south boundary. All of the claims are 100% owned by Argo Gold.

Cobalt and Zinc Projects

In the Spring of 2018, Argo Gold acquired several cobalt and a zinc projects in Northern Ontario through staking. Argo Gold retains the Keelow Lake cobalt property and the Percy Lake zinc property in the Sault Ste. Marie Mining Division. These claims are owned 100% by Argo Gold. Subsequent to December 31, 2019, the Company made the decision to allow the Campfire, Fortune and Roberts cobalt claims to lapse.

Angela Lake

In the spring of 2018, Argo Gold staked claims at Angela Lake in the Red Lake Mining Division.

Exploration and Evaluation Expenditures

For the year ended

December 31, 2019	Uchi	Hurdman	Wawa Area	Other	Total
Expenditures during the year:					
Drilling program	$ 513,850	$ -	$ -	$ -	$ 513,850
Biogeochemical survey	119,103	-	-	-	119,103
Consulting fees	119,272	-	4,100	8,345	131,717
Social and community	28,352	-	-	-	28,352
Land management	37,312	8,213	3,910	5,515	54,950
Staking costs	-	-	200	5,100	5,300
Property taxes	464	-	-	-	464
	$ 818,353	$ 8,213	$ 8,210	$ 18,960	$ 853,736

For the year ended

December 31, 2018	Uchi	Hurdman	Wawa Area	Other	Total
Expenditures during the year:					
Consulting fees	$ 30,265	$ 12,715	$ 28,734	$ 46,172	$ 117,886
Land management	44,750	1,045	9,000	27,655	82,450
Staking costs	-	-	-	22,537	22,537
Other exploration costs	-	-	-	5,807	5,807
	$ 75,015	$ 13,760	$ 37,734	$ 102,171	$ 228,680

(Expressed in Canadian Dollars)

9. EQUIPMENT

Cost	Office Equipment	Computer Hardware	Total
Balance, December 31, 2018	$ 4,438	$ 10,896	$ 15,334
Additions	-	-	-
Less: assets no longer in use	(4,438)	(4,506)	(8,944)
Balance, December 31, 2019	-	6,390	6,390
Accumulated depreciation			
Balance, December 31, 2018	4,438	4,718	9,156
Depreciation for the year	-	5,252	5,252
Less: assets no longer in use	(4,438)	(4,506)	(8,944)
Balance, December 31, 2019	-	5,464	5,464
Net book value – December 31, 2019	**$ -**	**$ 926**	**$ 926**

Cost	Office Equipment	Computer Hardware	Total
Balance, December 31, 2017	$ 4,438	$ 6,389	$ 10,827
Additions	-	4,507	4,507
Balance, December 31, 2018	4,438	10,896	15,334
Accumulated depreciation			
Balance, December 31, 2017	4,438	1,757	6,195
Depreciation for the year	-	2,961	2,961
Balance, December 31, 2018	4,438	4,718	9,156
Net book value – December 31, 2018	**$ -**	**$ 6,178**	**$ 6,178**

The assets no longer in use, were fully depreciated and are no longer in the Company's possession.

10. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of special shares, issuable in series.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

(b) Issued and outstanding

Share Capital	Note	Number of Common Shares	Amount
Balance at December 31, 2017		**28,861,628**	**$ 11,440,050**
Common shares issued to settle debt – February 5, 2018	10(i)	760,000	152,000
Common shares issued for acquisition of property	10(ii)	200,000	30,000
Common shares issued to settle debt – August 3, 2018	10(iii)	320,000	38,400
Exercise of stock options – cash proceeds	10(iv)	100,000	10,000
Exercise of stock options – fair value	10(iv)	-	6,722
Private placement $0.18 units	10(v)(vi)	1,725,555	310,600
Less: warrant valuation	10(v)(vi)	-	(60,854)
Private placement $0.22 flow-through common shares	10(v, vi, vii)	3,986,500	877,030
Less: premium on flow-through common shares	10(v, vi, vii)	-	(299,466)
Share issue costs - cash	10(v, vi, vii)	-	(80,970)
Share issue costs – fair value of warrants	10(v, vi, vii)	-	(21,929)
Exercise of warrants – cash proceeds	10(viii)	376,198	38,144
Exercise of warrants – fair value	10(viii)	-	10,602
Balance at December 31, 2018		**36,329,881**	**$ 12,450,329**
Common shares issued for services – January 28, 2019	10(x)	80,000	12,000
Common shares issued to settle debt – July 4, 2019	10(xiv)	996,868	99,687
Exercise of stock options – cash proceeds	10(ix,xi,xii,xiii,xv)	600,500	60,050
Exercise of stock options – fair value	10(ix,xi,xii,xiii,xv)	-	40,448
Private placement $0.12 flow-through common shares	10(xvi)	1,190,100	142,812
Less: premium on flow-through common shares	10(xvi)	-	(5,951)
Share issue costs - cash	10(xvi)	-	(8,275)
Balance at December 31, 2019		**39,197,349**	**$ 12,791,100**

(i) On February 5, 2018, the Company settled an aggregate of $152,000 of indebtedness through the issuance of an aggregate of 760,000 common shares at a price of $0.20 per common share.

(ii) On February 27, 2018, 200,000 common shares of the Company were issued with a fair value of $30,000, based on their market price of $0.15 per share, pursuant to the Geisler Patents purchase agreement (see Note 8).

(iii) On August 3, 2018, the Company settled an aggregate of $38,400 of indebtedness through the issuance of an aggregate of 320,000 common shares at a price of $0.12 per common share.

(iv) On November 27, 2018, 100,000 common shares were issued on exercise of options, at an exercise price of $0.10 for gross proceeds of $10,000. Grant date fair value of $6,722 was transferred from stock option reserve to share capital in connection with the exercise.

10. SHARE CAPITAL (Continued)

(v) On December 12, 2018, the Company completed the first tranche of its non-brokered private placement offering through the issuance of 1,600,000 units at a price of $0.18 per unit and 1,600,000 flow-through common shares at a price of $0.22 per flow-through share, for aggregate gross proceeds of $640,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.25 for a period of twelve (12) months from the date of closing of the first tranche. The fair value of these warrants was estimated at $56,456 using the assumptions noted in Note 10 (d). In connection with the issuance of the units subscribed for in the first tranche, the Company paid a finder's fee equal to $41,869 and issued an aggregate of 208,950 broker warrants, each broker warrant exercisable into one common share at a price of $0.25 per share for twelve (12) months from the date of closing of the first tranche. The fair value of these warrants was estimated at $14,746 using the assumptions noted in Note 10 (d). The Company recognized a flow-through premium of $120,457 as a result of the issuance of flow through shares.

(vi) On December 21, 2018, the Company completed the second tranche of its non-brokered private placement offering through the issuance of 125,555 units at a price of $0.18 per unit and 1,023,000 flow-through common shares at a price of $0.22 per flow-through share, for aggregate proceeds of $247,660. Each unit consists of one common share of the Company and one-half of one common share purchase warrant with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.25 for a period of twelve (12) months from the date of closing of the second tranche. The fair value of these warrants was estimated at $4,397 using the assumptions noted in Note 10 (d). In connection with the issuance of the units and flow-through shares subscribed for in the second tranche, the Company paid a finder's fee equal to $18,407 and issued an aggregate of 84,560 broker warrants. Each broker warrant is exercisable into one common share at a price of $0.25 per share for twelve (12) months from the date of closing of the second tranche. The fair value of the broker warrants was estimated at $5,923 using the assumptions noted in Note 10 (d). The Company recognized a flow-through premium of $76,746 as a result of the issuance of flow-through shares.

(vii) On December 27, 2018, the Company completed the third tranche of its non-brokered private placement offering through the issuance of 1,363,500 flow-through common shares at a price of $0.22 per flow-through share, for aggregate proceeds of $299,970. In connection with the issuance of the flow-through shares subscribed for in the third tranche, the Company paid a finder's fee equal to $20,998 and issued an aggregate of 95,445 broker warrants. Each broker warrant is exercisable into one common share at a price of $0.25 per share for twelve (12) months from the date of closing of the third tranche. The fair value of the broker warrants was estimated at $6,686 using the assumptions noted in Note 10 (d). The Company recognized a flow-through premium of $102,263 as a result of the issuance of flow-through shares.

$802,838 of the proceeds from the above mentioned three tranches of the Company's private placement were received subsequent to the year ended December 31, 2018.

10. SHARE CAPITAL (Continued)

(viii) During 2018, 376,198 common shares were issued on exercise of warrants with exercise prices of $0.10 and $0.12, raising $38,144. Issuance date fair value of $10,602 was transferred from warrant reserve to share capital.

(ix) On January 21, 2019, 100,000 common shares were issued on exercise of options, at an exercise price of $0.10, for gross proceeds of $10,000. Grant date fair value of $6,722 was transferred from stock option reserve to share capital in connection with the exercise.

(x) On January 28, 2019, the Company settled indebtedness of $12,000 through the issuance of 80,000 common shares at a price of $0.15 per common share.

(xi) On February 5, 2019, 50,000 common shares were issued on exercise of options, at an exercise price of $0.10, for gross proceeds of $5,000. Grant date fair value of $1,936 was transferred from stock option reserve to share capital in connection with the exercise.

(xii) On February 12, 2019, 200,000 common shares were issued on exercise of options, at an exercise price of $0.10, for gross proceeds of $20,000. Grant date fair value of $16,391 was transferred from stock option reserve to share capital in connection with the exercise.

(xiii) On February 19, 2019, 200,000 common shares were issued on exercise of options, at an exercise price of $0.10, for gross proceeds of $20,000. Grant date fair value of $13,444 was transferred from stock option reserve to share capital in connection with the exercise.

(xiv) On July 4, 2019, the Company settled indebtedness of $99,687, with a company in which a former director and officer is a principal, through the issuance of 996,868 common shares at a price of $0.10 per share.

(xv) On July 22, 2019, 50,500 common shares were issued on exercise of options, at an exercise price of $0.10, for gross proceeds of $5,050. Grant date fair value of $1,955 was transferred from stock option reserve to share capital in connection with the exercise.

(xvi) On December 31, 2019, the Company completed a non-brokered private placement offering through the issuance of 1,190,100 flow-through common shares at a price of $0.12 per flow-through share, for gross proceeds of $142,812. In connection with financing, the Company paid cash finder's fees of $8,275. The Company recognized a flow-through premium of $5,951 as a result of the issuance of flow-through shares. $10,800 of the proceeds was recorded as subscriptions receivable and received subsequent to December 31, 2019.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

(c) Stock Options

The Company has a stock option plan to provide directors, officers, employees and consultants with options to purchase common shares of the Company. The maximum number of common shares reserved for issuance upon the exercise of options, is not to exceed 10% of the total number of common shares outstanding immediately prior to such issuance. The stock options have a maximum term of five years and a vesting period and exercise price determined by the board of directors, however they have generally been granted for a term of three years with vesting occurring immediately. The exercise price of the stock options is fixed by the board of directors and may not be less than the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

The following table reflects the continuity of stock options for the years ended December 31, 2019 and 2018.

	Number of Stock Options	Weighted Average Exercise Price	
Outstanding at December 31, 2017	**2,800,000**	**$**	**0.13**
Granted	599,000	$	0.11
Exercised	(100,000)	$	0.10
Cancelled	(350,000)	$	0.13
Outstanding at December 31, 2018	**2,949,000**	**$**	**0.13**
Granted	2,900,000	$	0.15
Exercised	(600,500)	$	0.10
Cancelled	(949,000)	$	0.12
Expired	(549,500)	$	0.10
Outstanding at December 31, 2019	**3,750,000**	**$**	**0.15**

Stock Option Grants

On June 14, 2018, the Company granted options to purchase up to 500,000 common shares of the Company to an officer and consultants at a price of $0.10 per share. The Company recorded $40,977 of share-based compensation expense, being the entire fair value of the grant.

On October 12, 2018, the Company granted options to purchase up to 99,000 common shares of the Company to a consultant at a price of $0.18 per share. The Company recorded $15,350 of share-based compensation expense, being the entire fair value of the grant.

On July 25, 2019, the Company granted options to purchase up to 2,200,000 common shares of the Company to directors, officers and consultants at a price of $0.15 per share. The Company recorded $275,484 of share-based compensation expense, being the entire fair value of the grant.

On December 2, 2019, the Company granted options to purchase up to 700,000 common shares of the Company to directors, an officer and consultants at a price of $0.15 per share. The Company recorded $60,620 of share-based compensation expense, being the entire fair value of the grant.

All the options granted vested immediately and are exercisable for a period of 3 years.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

The fair value of the options granted, are estimated on the dates of grant using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Stock Price	Exercise Price	Risk-free Interest Rate	Expected Stock Price Volatility	Expected Life (in years)	Expected Dividend Rate	Expected Forfeiture Rate
March 30, 2017	$0.18	$0.18	0.86%	238%	3	0%	0%
June 29, 2017	$0.20	$0.20	1.16%	230%	3	0%	0%
June 14, 2018	$0.18	$0.10	1.92%	169%	3	0%	0%
July 25, 2019	$0.145	$0.15	1.52%	172%	3	0%	0%
December 2, 2019	$0.105	$0.15	1.59%	166%	3	0%	0%

Stock Option Exercises

During the year ended December 31 2018, options to purchase 100,000 common shares were exercised at a price of $0.10 per share for proceeds of $10,000. Aggregate grant date fair value of $6,722 was transferred from stock option reserve to share capital in connection with the exercise. See Note 10(b)(iv).

During the year ended December 31, 2019, options to purchase 600,500 common shares were exercised at a price of $0.10 per share for proceeds of $60,050. Aggregate grant date fair value of $40,448 was transferred from stock option reserve to share capital in connection with the exercise. See Notes 10(b)(ix), (xi), (xii), (xiii) and (xv) for specific details of the exercises.

Stock Option Cancellations

During the year ended December 31, 2018, options to purchase up to 350,000 common shares at a weighted average price of $0.13 per share were cancelled. Aggregate grant date fair value of $32,164 was transferred from stock option reserve to deficit.

During the year ended December 31, 2019, options to purchase up to 949,000 common shares at a weighted average price of $0.12 per share were cancelled. Aggregate grant date fair value of $40,519 was transferred from stock option reserve to deficit.

Stock Option Expiries

On August 18, 2019, options to purchase up to 549,500 common shares of the Company, at a price of $0.10 per share, expired unexercised. Aggregate grant date fair value of $21,277 was transferred from stock option reserve to deficit.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

The following table reflects the stock options outstanding and exercisable at December 31, 2019.

Date of Grant	Number of Options Outstanding		Exercise Price	Weighted Average Remaining Life (years)	Date of Expiry	Number of Options Exercisable		Fair Value
March 30, 2017	250,000	$	0.18	0.24	March 29, 2020	250,000	$	40,701
June 29, 2017	500,000	$	0.20	0.49	June 28, 2020	500,000		93,542
June 14, 2018	300,000	$	0.10	1.45	June 13, 2021	300,000		24,586
July 25, 2019	2,050,000	$	0.15	2.56	July 24, 2022	2,050,000		256,701
December 2, 2019	650,000	$	0.15	2.92	December 1, 2022	650,000		56,290
	3,750,000	**$**	**0.15**	**2.11**		**3,750,000**	**$**	**471,820**

The weighted average remaining contractual life of options outstanding and exercisable at December 31, 2019 is 2.11 years (December 31, 2018 – 1.25 years) at a weighted average exercise price of $0.15 (December 31, 2018 - $0.13).

(d) Warrants

The following table reflects the continuity of warrants for the years ended December 31, 2019 and 2018:

	Number of Warrants		BlackScholes Value		Weighted Average Exercise Price
Balance at December 31, 2017	**2,618,095**	**$**	**206,449**	**$**	**0.20**
Issued	1,251,733		82,783	$	0.25
Exercised	(376,198)		(10,602)	$	0.10
Expired	(922,047)		(33,054)	$	0.10
Balance at December 31 2018	**2,571,583**		**245,576**	**$**	**0.28**
Expired	(2,571,583)		(245,576)	$	0.28
Balance, December 31, 2019	**-**	**$**	**-**	**$**	**-**

There were no warrants issued during the year ended December 31, 2019. The fair value of warrants issued during the year ended December 31, 2018, was estimated using the Black-Scholes pricing model. The following assumptions were used: share price of $0.15, exercise price of $0.25, risk-free interest rate of 1.90% to 2.21%, expected time to maturity of one year, estimated volatility of the Company's share price of 166%, expected dividend yield and forfeiture rate of nil.

In May 2019, an aggregate total of 1,319,850 warrants exercisable into 1,319,850 common shares at a price of $0.30 per share, expired resulting in an adjustment to warrant reserve and deficit of $157,367 reflecting the issuance date fair value of the warrants.

In December 2019, an aggregate total of 1,251,733 warrants exercisable into 1,251,733 common shares at a price of $0.25 per share, expired resulting in an adjustment to warrant reserve and deficit of $88,209 reflecting the issuance date fair value of the warrants.

As at December 31, 2019, there were no warrants outstanding.

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Related Party Transactions

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

On February 5, 2018, the Company settled indebtedness of $15,000, through the issuance of 75,000 common shares at a price of $0.20 per share, to a company controlled by a director in common with the Company (see Note 10(b)(i)).

On February 11, 2019, options to purchase 200,000 common shares of the Company at a price of $0.10 per share, were exercised by an officer of the Company for gross proceeds of $20,000.

On July 4, 2019, the Company settled indebtedness of $99,687, with a company in which a former director and officer is a principal, through the issuance of 996,868 common shares at a price of $0.10 per share (see Note 10(b)(xiv)).

On July 25, 2019, the Company granted stock options to purchase up to an aggregate of 1,350,000 common shares of the Company at a price of $0.15 per share to directors and officers of the Company (see Note 10(c)).

On December 2, 2019, the Company granted stock options to purchase up to an aggregate of 450,000 common shares of the Company at a price of $0.15 per share to directors and an officer of the Company.

On December 31, 2019, the Company cancelled stock options to purchase up to an aggregate of 200,000 common shares of the Company at a price of $0.15 per share, held by a director of the Company.

For related party transactions subsequent to December 31, 2019, see Note 14.

As at December 31, 2019, $156,972 (December 31, 2018 - $186,333) included in accounts payable and accrued liabilities was owing to related parties. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Key Management Compensation

In accordance with IAS 24, key management personnel are those persons 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. Key management of Argo Gold includes the Chief Executive Officer, the President, the Chief Financial Officer, the former CEO until his resignation on July 4, 2019 and the former CFO until November 1, 2019.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)

	For the year ended December 31, **2019**	2018
Management fees – paid to CEO	$ **25,000**	$ 60,000
Exploration and evaluation fees – paid to CEO (1)	**35,000**	-
Management fees – paid for CFO services	**69,000**	49,000
Exploration and evaluation fees – paid to President (1)	**83,071**	-
Consulting fees – paid to an independent director	**23,000**	-
Total fees paid to management	**235,071**	109,000
Share-based payments	**184,904**	16,391
	$ **419,975**	$ 125,391

	For the year ended December 31, **2019**	2018
Legal fees charged by a former officer/director for legal and corporate secretarial services	$ **22,026**	$ 49,577

(1) Amount included in "Uchi – Consulting fees" in exploration and evaluation expenditures.

12. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2018 – 26.5%) were as follows:

	For the year ended December 31, **2019**	2018
Loss before income taxes	$ **(1,225,438)**	$ (502,802)
Expected income tax recovery based on statutory rate	$ **(325,000)**	$ (133,000)
Adjustment to expected income tax benefit:		
Share-based compensation	**83,000**	15,000
Flow-through renunciation	**(79,000)**	-
(Gain) loss on marketable securities	**(5,000)**	55,000
Other	**-**	6,000
Benefit of tax assets not recognized	**326,000**	57,000
Deferred income tax provision (recovery)	$ **-**	$ -

(Expressed in Canadian Dollars)

12. INCOME TAXES (Continued)

b) Deferred Income Tax

Recognized deferred tax assets and liabilities	**December 31, 2019**	December 31, 2018
Mineral properties	**$ -**	$ (25,000)
Other temporary differences	**-**	25,000
Deferred income tax assets	**$ -**	$ -

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2019	December 31, 2018
Non-capital loss carry-forwards	**$ 3,220,000**	$ 2,708,000
Mineral properties	**758,000**	-
Marketable securities	**304,000**	386,000
Share issue costs	**75,000**	96,000
Other temporary differences	**427,000**	422,000
Total	**$ 4,784,000**	$ 3,612,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

c) Non-capital Losses Carried Forward

The Company has approximately $3,220,000 (2018 - $2,816,000) of non-capital losses as at December 31, 2019 available to be carried forward against future taxable income. These non-capital losses will expire as follows:

Year of Expiry	**2019**
	$
2026	190,000
2027	354,000
2028	210,000
2030	138,000
2031	193,000
2032	121,000
2033	187,000
2034	93,000
2035	95,000
2036	237,000
2037	558,000
2038	432,000
2039	412,000
	3,220,000

13. COMMITMENTS

As at December 31, 2019, the Company had a commitment to spend $142,812 (December 31, 2018 - $877,030) from amounts raised by flow-through financing on eligible Canadian exploration expenditures, by December 31, 2020.

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company has indemnified current and previous flow-through subscribers for any tax and other costs payable by them in the event the Company does not incurred the required exploration expenditures. No amounts have been recorded in these financial statements for potential liabilities relating to these indemnities as a triggering event has not taken place. Upon issuance of the flow-through shares in December 2019 in the amount of $142,812 (December 2018 - $877,030), the Company recorded a flow-through share premium liability of $5,951 (December 2018 - $299,466). As expenditures are incurred, the liability will be drawn down as income through the statement of loss. Through December 31, 2019, the Company has not incurred any eligible exploration expenditures related to the 2019 flow-through issuance. The Company must spend the $142,812 on qualifying exploration expenditures by December 31, 2020. During the year ended December 31, 2019, the Company recorded a flow-share premium recovery of $299,466 in the statement of loss.

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

14. SUBSEQUENT EVENTS

Financing

On February 5, 2020, the Company completed a non-brokered private placement through the issuance of 11,200,000 units at a price of $0.09 per unit for gross proceeds of $1,008,000. The financing was completed with an entity beneficially owned by Mr. Eric Sprott. Following the completion of the financing, Mr. Sprott beneficially owned 22% of the outstanding shares of the Company on a non-diluted basis. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.12 for a period of thirty-six (36) months from the date of closing. No finders' fee was paid on the financing. The fair value of the warrants issued was estimated to be $438,100 based on their black-scholes value.

Debt Settlement

On February 18, 2020, the Company settled aggregate indebtedness of $137,500 with six creditors through the issuance of 1,100,000 common shares at a price of $0.125 per share. $50,000 of this amount related to services provided in 2019 by an officer and an independent director of the Company.

14. SUBSEQUENT EVENTS (Continued)

Stock Options

Stock Option Grants

On February 13, 2020, the Company granted options to purchase up to 1,400,000 common shares of the Company to directors, officers and consultants at a price of $0.15 per share. The options vested immediately and are exercisable for a period of 3 years. Of the options granted, 800,000 were granted to a directors and officers of the Company. The Company recorded $139,020 of share-based compensation expense, being the entire fair value of the grant.

On April 16, 2020, the Company granted options to purchase up to 400,000 common shares of the Company to consultants at a price of $0.15 per share. The options vested immediately and are exercisable for a period of 3 years. The Company recorded $30,680 of share-based compensation expense, being the entire fair value of the grant.

Stock Option Expiries and Cancellations

On January 31, 2020, stock options to purchase up to 200,000 common shares of the Company at a price of $0.15 expired. These options were held by a former officer of the Company and expired in accordance with the terms of the Company's stock option plan. Grant date fair value of $25,044 was transferred from stock option reserve to deficit.

On February 17, 2020, the Company cancelled stock options to purchase up to 800,000 common shares of the Company at a price of $0.15. These options were held by a former officer and director of the Company. Grant date fair value of $100,176 was transferred from stock option reserve to deficit.

On March 29, 2020, stock options to purchase up to 250,000 common shares of the Company at a price of $0.18 expired. These options were held by consultants to the Company. Grant date fair value of $40,701 was transferred from stock option reserve to deficit.

Other

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