KING GLOBAL VENTURES INC.

(FORMERLY ROSITA MINING CORPORATION)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of King Global Ventures Inc. (formerly Rosita Mining Corporation)

Opinion

We have audited the consolidated financial statements of King Global Ventures Inc. (formerly Rosita Mining Corporation) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had no revenues and incurred a net loss of $8,452 during the year ended December 31, 2019 and, as of that date, has a working capital deficit of $461,405 and an accumulated deficit of $32,881,787. In addition, the Company has not generated operating revenue and relies on debt and equity funding to support its operations As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, 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. If, based on the work we have performed, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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 consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors’ report is Henry Chow.

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

August 10, 2020

King Global Ventures Inc. (formerly Rosita Mining Corporation)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash	$ **84,780**	$ 17,855
Amounts receivable	**20,423**	3,461
Prepaid expenses	**5,797**	1,931
Total current assets	**111,000**	23,247
Non-current assets		
Investment in Santa Rita (note 4)	**2,317,744**	-
Equipment (note 5)	**8,191**	9,939
Mineral exploration properties (note 6)	**110,000**	2,344,702
Total non-current assets	**2,435,935**	2,354,641
Total assets	$ **2,546,935**	$ 2,377,888
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	$ **78,047**	$ 39,823
Loan payable to joint venture partner (note 8)	**116,892**	-
Due to related parties (note 9)	**326,638**	182,484
Loan payable to shareholder (note 7)	**50,828**	27,090
Total current liabilities	**572,405**	249,397
Non-current liabilities		
Deferred income tax liability (note 16)	**334,628**	356,540
Total liabilities	**907,033**	605,937
Shareholders' equity		
Share capital	**20,095,225**	20,095,225
Warrant reserve	**303,863**	303,863
Share-based payment reserve	**14,348,461**	14,348,461
Accumulated other comprehensive loss	**(225,860)**	(102,263)
Deficit	**(32,881,787)**	(32,873,335)
Total shareholders' equity	**1,639,902**	1,771,951
Total liabilities and shareholders' equity	$ **2,546,935**	$ 2,377,888

Nature of operations and going concern (note 1)
Subsequent events (note 17)

On behalf of the Board:

(Signed) "*John Cook*"
John Cook, Director

(Signed) "*Nick Watters*"
Nick Watters, Director

The notes to the consolidated financial statements are an integral part of these consolidated financial statements

King Global Ventures Inc. (formerly Rosita Mining Corporation)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2019	Year ended December 31, 2018
Administrative expenses		
Amortization (note 5)	**$ 1,748**	$ 3,246
Foreign exchange loss	**50,368**	24,910
Interest (notes 7 and 9)	**26,106**	-
Office and miscellaneous (note 9)	**196,124**	30,938
Share-based payments (note 11)	**-**	76,320
Shareholder communications	**13,293**	60,341
Net operating loss before other items	**(287,639)**	(195,755)
Other items		
Gain on disposal of mineral properties (note 6)	**356,546**	-
Loss from investment in joint venture (note 4)	**(99,271)**	-
Write-off of accounts payable	**-**	20,967
Total other items	**257,275**	20,967
Net loss before income taxes	**(30,364)**	(174,788)
Deferred tax recovery (expense) (note 16)	**21,912**	(98,682)
Net loss	**$ (8,452)**	$ (273,470)
Other comprehensive loss		
Unrealized gain (loss) on foreign currency translation	**(123,597)**	138,870
Net comprehensive loss for the year	**$ (132,049)**	$ (134,600)
Basic and diluted net loss per share	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted (note 13)	**66,802,282**	64,315,365

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

King Global Ventures Inc. (formerly Rosita Mining Corporation)

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Share capital		Warrant	Share-based payment	Accumulated other comprehensive		
	Number	Amount	reserve	reserve	income (loss)	Deficit	Total
Balance, December 31, 2017	**59,227,282**	**$ 19,617,573**	**$ 427,390**	**$ 14,272,141**	**$ (241,133)**	**$(32,599,865)**	**$ 1,476,106**
Shares issued pursuant to exercise of warrants	5,075,000	402,652	(123,527)	-	-	-	279,125
Shares issued for exploration and evaluation asset	2,500,000	75,000	-	-	-	-	75,000
Fair value of stock options granted	-	-	-	76,320	-	-	76,320
Foreign currency translation gain	-	-	-	-	138,870	-	138,870
Net loss for the year	-	-	-	-	-	(273,470)	(273,470)
Balance, December 31, 2018	**66,802,282**	**$ 20,095,225**	**$ 303,863**	**$ 14,348,461**	**$ (102,263)**	**$(32,873,335)**	**$ 1,771,951**
Foreign currency translation loss	-	-	-	-	(123,597)	-	(123,597)
Net loss for the year	-	-	-	-	-	(8,452)	(8,452)
Balance, December 31, 2019	**66,802,282**	**$ 20,095,225**	**$ 303,863**	**$ 14,348,461**	**$ (225,860)**	**$(32,881,787)**	**$ 1,639,902**

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

King Global Ventures Inc. (formerly Rosita Mining Corporation)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2019	2018
Operating activities		
Net loss for the year	**$ (8,452)**	$ (273,470)
Items not affecting cash:		
Amortization	**1,748**	3,246
Share-based payments	**-**	76,320
Deferred income tax expense (recovery)	**(21,912)**	98,682
Gain on disposal of mineral properties	**(356,546)**	-
Loss from investment in joint venture	**99,271**	-
Write-off of accounts payable	**-**	(20,967)
Non-cash working capital items:		
Amounts receivable	**3,006**	11,220
Prepaid expenses	**(3,866)**	2,336
Accounts payable and accrued liabilities	**89,052**	(167,963)
Due to related parties	**144,154**	34,431
Net cash used in operating activities	**(53,545)**	(236,165)
Investing activities		
Acquisition of and expenditures on mineral exploration properties	**-**	(264,267)
Purchase of equipment	**-**	(7,181)
Net cash used in investing activities	**-**	(271,448)
Financing activities		
Proceeds from warrants exercised	**-**	279,125
Repayment of advances from related parties	**(19,968)**	-
Proceeds from loan payable	**-**	21,000
Proceeds from loan payable from joint venture partner	**89,802**	-
Net cash provided by financing activities	**69,834**	300,125
Effect of exchange rate changes on cash	**50,636**	136,984
Net change in cash	**66,925**	(70,504)
Cash, beginning of year	**17,855**	88,359
Cash, end of year	**$ 84,780**	**$ 17,855**
Supplemental disclosures		
Shares issued for exploration and evaluation asset	**$ -**	$ 75,000
Transfer of fair value of warrants from reserve to share capital	**$ -**	$ 123,527
Transfer of mineral exploration property to joint venture	**$ 2,661,198**	$ -

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

1. Nature of operations and going concern

King Global Ventures Inc. (formerly Rosita Mining Corporation) (the "Company"), is an exploration-stage, publicly-traded company. On September 25, 2019, Rosita Mining Corporation changed its name to King Global Ventures and is trading on the TSX Venture Exchange ("TSXV") under the symbol 'KING'. The Company was incorporated in Ontario, Canada and was continued in the province of British Columbia on November 14, 2018, and is a junior prospecting and natural-resource company, focused on growing exploration and mineral assets to build shareholder value. The Company's properties are located in Newfoundland and Quebec, Canada and Nicaragua. The Company's head office is located at Suite 200, 82 Richmond Street East, Toronto, ON, M5C 1P1.

On March 11, 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the year ended December 31, 2019, the Company had no revenues and incurred a net loss of $8,452. As at December 31, 2019, the Company has a working capital deficit of $461,405 and an accumulated deficit of $32,881,787. The continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

2. Basis of presentation and principles of consolidation

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

These consolidated financial statements for the year ended December 31, 2019 were approved and authorized for issuance by the Company's Board of Directors on August 10, 2020.

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements have been prepared on a historical cost basis. These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Midlands Minerals Ghana Limited, Midenka Resources Limited, Midlands Minerals Tanzania Limited, Manonga Minerals Limited, Alder Resources Ltd., and ALR Nicaragua S.A. All significant inter-company balances and transactions have been eliminated on consolidation.

3. Significant accounting policies (continued)

(b) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the collectability of amounts receivable, recoverability of mineral property resources and investment in joint venture, fair value of share-based compensation, and unrecognized deferred income tax assets.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements:

- Assessment of the going concern assumption;
- Determination of technical feasibility and commercial viability of mineral property resources;
- Determination of the classification and accounting of the Company's investment in Santa Rita Mining Company as a joint venture; and
- Determination of the Company's functional currency in accordance with IAS 21.

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Where the cost of certain components of property and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation commences when the equipment is put into use.

Computer equipment and software	2 years straight-line
Office equipment	5 years straight-line

The Company reviews the depreciation rate and useful lives at each reporting date. Any gain or losses arising on the disposal of equipment is recognized in the consolidated statements of operations.

(e) Investments in joint venture

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the net income or loss of the investee after the date of acquisition.

If the ownership interest in a joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income (loss) is reclassified to the consolidated statement of operations where appropriate.

3. Significant accounting policies (continued)

(e) Investments in joint venture (continued)

The Company's share of post-acquisition net income or loss is recognized in the consolidated statement of operations, with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Company determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the amount in the consolidated statement of operations.

Net income and loss resulting from transactions between the Company and its joint venture are recognized in the Company's consolidated financial statements only to the extent of the unrelated investor's interest in the joint venture. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in joint ventures are recognized in the consolidated statement of operations.

(f) Exploration and evaluation expenditures

Pre-license expenditures are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as exploration and evaluation ("E&E") assets. Such E&E costs may include, but are not limited to, undeveloped land acquisition, geological, geophysical and seismic studies, exploratory drilling and completion, testing, decommissioning, and directly attributable internal costs. Subsequently, the E&E assets are carried at cost, less any impairment, until such time as the assets are substantially ready for their intended use, being commercial production at operating levels intended by management, or sale.

E&E assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, E&E assets are assessed at the individual asset level. If it is not possible to estimate the recoverable amount of the individual asset, E&E assets are allocated to cash-generating units (CGU's). Such CGU's are not larger than an operating segment.

E&E assets are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable or sufficient/continued progress is made in assessing the commercial viability of the E&E assets. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist. A review of each exploration license or field is carried out at least annually, to confirm whether the Company intends further appraisal activity or to otherwise extract value from the property. When this is no longer the case, the costs are written off. Upon determination of proven reserves, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to mineral properties.

3. Significant accounting policies (continued)

(f) Exploration and evaluation expenditures (continued)

The Company has taken steps, in accordance with industry standards, to verify mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its properties is properly recorded in the name of the Company when all terms of agreements have been met, there can be no assurance that such title will ultimately be secured.

(g) Impairment of non-current assets

Non-current assets are assessed for impairment at each reporting date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

(h) Reclamation and remediation provisions

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant, and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant, and equipment. These costs are depreciated using either the unit of production or straight-line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statements of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases, interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

3. Significant accounting policies (continued)

(i) Financial instruments

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing classification under IFRS 9 for the Company's financial instruments:

Classification	IFRS 9
Cash	Amortized cost
Amounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Other liabilities	Amortized cost

Classification and measurement – initial recognition

On initial recognition, all financial assets and liabilities are classified and recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss (“FVTPL”).

Classification and measurement – subsequent to initial recognition

Subsequent measurement of financial assets and liabilities depends on their classification and measurement basis.

Financial assets

Subsequent to initial recognition, financial assets are measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss, depending on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that do not meet the above conditions are classified as fair value through profit or loss.

3. Significant accounting policies (continued)

(i) Financial instruments (continued)

Financial liabilities

Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless designated as fair value through profit or loss.

Impairment of financial assets

The Company applies the ECL model to its financial assets measured at amortized cost. Under the ECL model, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Upon recognition of a financial asset, 12-month ECLs are recognized in the consolidated statement of operations and a loss allowance is established. At each reporting date, if the credit risk associated with a financial asset has increased significantly and is not considered low, lifetime ECLs are recognized in the consolidated statement of operations.

(j) Government assistance

Government assistance is recognized as a recovery of exploration expenses in the consolidated statement of loss when there is reasonable assurance that the Company will comply with the conditions attached to them and that the assistance will be received.

(k) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies (continued)

(l) Foreign currency translation

The Company's functional and reporting currency is the Canadian dollar. All entities have a functional currency of Canadian dollars with the exception of ALR, which has a functional currency of Nicaraguan Cordobas. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the year-end date. Average monthly rates are used to translate revenues and expenses. Gains and losses arising on translation of foreign currency denominated transactions or balances are included in the consolidated statement of operations.

The Company uses the current rate method to translate the financial statements of ALR Nicaragua to its reporting currency. Accordingly, assets and liabilities are translated into Canadian dollars at the period end exchange rate while revenue and expenses are translated at the average exchange rates during the period. Related exchange gains and losses are included in a separate component of shareholders' equity as accumulated other comprehensive income.

(m) Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at December 31, 2019, the Company has 3,000,000 (2018 – 3,109,050) potentially dilutive shares outstanding.

(n) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations. As at December 31, 2019 and 2018, the Company's comprehensive loss includes gains and losses relating to foreign currency translation.

(o) Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

3. Significant accounting policies (continued)

(o) Share-based payments (continued)

The Company has a stock option plan, which is described in Note 11. The Company applies the fair value method to all share-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Options granted under the Company's stock option plan vest as determined by the directors at the time of grant. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased.

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the stock options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss, unless the fair value cannot be estimated reliably, in which case they are recorded at the fair value of the equity instruments granted.

(p) Newly adopted accounting pronouncements

<u>IFRS 16, Leases ("IFRS 16")</u>

Effective for annual periods commencing on or after January 1, 2019, this replaces existing lease accounting guidance. All leases will be required to be reported on the statement of financial position unless certain requirements for exclusion are met. Due to the Company not having significant operating leases obligations as at December 31, 2019 and 2018, the adoption of IFRS 16 had no material impact on the opening accumulated deficit balance on January 1, 2019.

(q) Accounting standards issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

<u>IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting</u>

Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The standard will not have a significant impact on the Company.

(Expressed in Canadian Dollars)

4. Investment in Santa Rita

On October 11, 2018, the Company, through its subsidiary ALR, was a party to a joint venture agreement between the Company and two other non-related companies which resulted in the incorporation of a joint venture company, Santa Rita Mining Company ("Santa Rita"), a Nicaraguan company. As part of the joint venture agreement, the Company would transfer its 70% interest in the Rosita Project into Santa Rita in exchange for a 17.5% interest in Santa Rita, Calibre Mining Corporation ("Calibre") would transfer its 30% interest in the Rosita Project into Santa Rita for 7.5% interest in Santa Rita, and Century Resources ("Century") would contribute US$8,500,000 for a 75% interest in Santa Rita. As part of the arrangement, the Board of Directors for Santa Rita would consist of 5 members, where Century would elect 3 members and ALR and Calibre would each elect one member each to the Santa Rita Board. Significant decisions impacting the operations of Santa Rita would require unanimous consent. On March 11, 2019, the Company transferred its interest in the Rosita Project into Santa Rita.

The investment in Santa Rita has been accounted for as a joint venture arrangement in accordance with IFRS 11, *Joint Arrangements*. The agreement meets the standard as a joint arrangement as the three parties are bound by a contractual agreement and each party has joint control over the arrangement which requires unanimous consent of the parties sharing control. The parties to the joint venture arrangement have rights to the net assets of Santa Rita.

Summarized statement of financial position – Santa Rita Mining Corporation

As at December 31, 2019	(unaudited)
Current assets	$ 1,557,413
Non-current assets	2,085,340
Total assets	**$ 3,642,753**
Current liabilities	$ 725,297
Shareholders' equity	
Share capital	2,917,456
Total liabilities and shareholders' equity	**$ 3,642,753**

Summarized statement of operations and comprehensive loss – Santa Rita Mining Corporation

	Year ended December 31, 2019 $ (unaudited)
Expenses	
Depreciation	**10,821**
Office and miscellaneous	**245,759**
Rent	**71,927**
Travel	**238,758**
Total expenses	**567,265**
Loss before other income	**(567,265)**
Net loss and comprehensive loss for the year	**(567,265)**
Company's share of net loss for the year	**(99,271)**

(Expressed in Canadian Dollars)

4. Investment in Santa Rita (continued)

Changes in the investment in Santa Rita for the year ended December 31, 2019

Balance, December 31, 2018	**$**	**-**
Transfer of Rosita Project costs to Santa Rita		2,661,198
Unrealized gain on transfer of property to joint venture		(73,123)
Foreign exchange translation adjustment		(171,060)
Share of Company's loss from joint venture operations		(99,271)
Balance, December 31, 2019	**$**	**2,317,744**

5. Equipment

	Equipment $
Cost:	
Balance, December 31, 2017	22,765
Additions	7,181
Balance, December 31, 2018 and 2019	29,946
Accumulated Depreciation:	
Balance, December 31, 2017	16,761
Additions	3,246
Balance, December 31, 2018	20,007
Additions	1,748
Balance, December 31, 2019	21,755
Carrying Amounts:	
Balance, December 31, 2018	9,939
Balance, December 31, 2019	8,191

(Expressed in Canadian Dollars)

6. Mineral exploration properties

	Marilyn Three Project $	Rosita Project $	Total $
2019			
Acquisition costs:			
Balance, December 31, 2018	110,000	923,190	1,033,190
Foreign exchange translation gain	–	(8,412)	(8,412)
Total acquisition costs	110,000	914,778	1,024,778
Exploration costs:			
Balance, December 31, 2018	–	1,311,512	1,311,512
Foreign exchange translation gain	–	(11,950)	(11,950)
Total exploration costs	–	1,299,562	1,299,562
Transfer to joint venture (Note 4)	–	(2,214,340)	(2,214,340)
Balance, December 31, 2019	110,000	–	110,000

	Marilyn Three Project $	Rosita Project $	Total $
2018			
Acquisition costs:			
Balance, December 31, 2017	–	903,298	903,298
Additions	110,000	–	110,000
Foreign exchange translation gain	–	19,892	19,892
Total acquisition costs	110,000	923,190	1,033,190
Exploration costs:			
Balance, December 31, 2017	–	1,100,249	1,100,249
Consulting and salaries	–	9,904	9,904
Field costs	–	72,433	72,433
Foreign exchange translation gain	–	24,954	24,954
General exploration and administration	–	103,972	103,972
Total exploration costs	–	1,311,512	1,311,512
Balance, December 31, 2018	110,000	2,234,702	2,344,702

6. Mineral exploration properties (continued)

Rosita Project

On August 29, 2011, the Company entered into an option agreement with Calibre to earn a 70% interest in the Rosita project. To exercise the option, the Company must perform the following:

(i) Issue 200,000 common shares as follows:
- 40,000 common shares within 5 business days of the TSX approval of the option agreement (issued);
- 40,000 common shares on or before October 3, 2012 (issued);
- 40,000 common shares on or before October 3, 2013 (issued);
- 40,000 common shares on or before October 3, 2014 (issued); and
- 40,000 common shares on or before October 3, 2015 (issued).

(ii) Incur $4,000,000 of exploration expenditures on the property as follows:
- $500,000 on or before October 3, 2012 (incurred);
- An additional $750,000 on or before October 3, 2013 (incurred);
- An additional $1,250,000 on or before October 3, 2014 (incurred); and
- An additional $1,500,000 on or before October 3, 2015 (incurred).

On June 30, 2014, the Company entered into a royalty agreement with Forbes & Manhattan, Inc. (“Forbes”) for the settlement of accounts payable totaling $508,500. The royalty is a 0.5% net smelter royalty (“NSR”) multiplied by the Company’s participating interest in the Rosita Project at the time. The royalty becomes effective upon the Company earning the 65% interest in the Rosita Project (completed in November 2015). The Company may reacquire the NSR by paying $1,508,500 to Forbes.

In November 2015, the Company fulfilled the requirements under the option agreement and it had earned its 65% interest in the Rosita project. Pursuant to the option agreement, upon earn-in, an automatic joint-venture was created between Rosita and Calibre and in November 2016, the Company and Calibre memorialized an agreement (the “JV Agreement”) with an effective date of November 23, 2015. For accounting purposes, the Company had determined that the JV Agreement did not meet the criteria set forth in IFRS 11, *Joint Arrangements*.

In March 2019, the Company transferred its interest in the Rosita Project to Santa Rita for $2,661,198 resulting in a realized gain on sale of the property of $356,546. Refer to Note 4.

Marilyn Three Properties

On August 11, 2018, the Company acquired a 100% interest in mining claims and patents located near Grand Falls, Newfoundland comprised of 104 claim blocks of approximately 6,448 acres. In exchange for the interest in the claims, the Company will pay $35,000 (paid) and issue 2,500,000 common shares (issued). The seller retains a 2% net smelter royalty (NSR), and the Company has the option to acquire 1% of the NSR for $1,000,000.

7. Loan payable to shareholder

As at December 31, 2019, the Company owes $50,828 (2018 - $27,090) to a shareholder of the Company. For the year ended December 31, 2019 the Company received $23,739 (2018 – 27,090) in advances for the shareholder, and for the year ended December 31, 2019 interest of $6,188 (2018 - $nil) was recorded, and the amount and were outstanding at December 31, 2019. The amounts are due on demand, bearing an interest rate of 12% per annum, and unsecured.

8. Loan payable to joint venture partner

As at December 31, 2019, the Company owes $116,892 (2018 - $nil) to Santa Rita. The amounts are unsecured, non-interest bearing, and due on demand.

(Expressed in Canadian Dollars)

9. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties:

(a) As at December 31, 2019, the Company owed $276,337 (2018 - $132,183) to a company controlled by the Chief Executive Officer of the Company which is unsecured, non-interest bearing, and due on demand. During the year ended December 31, 2019, the Company incurred management fees of $128,000 (2018 - $48,000) and conference fees of $nil (2018 - $25,000) to a company controlled by the Chief Executive Officer of the Company which has been included in office and administrative expenses.

(b) As at December 31, 2019, the Company owed $50,301 (2018 - $50,301) to a company controlled by the former Chief Financial Officer of the Company, which is unsecured, bears interest at 12% per annum, and is due on demand. In addition, the Company also owed $19,911 (2018 - $nil) of accrued interest, which has been included in accounts payable and accrued liabilities. During the year ended December 31, 2019, the Company incurred interest expense of $19,911 (2018 - $nil).

(c) During the year ended December 31, 2019, the Company granted stock options with a fair value of $nil (2018 - $53,424) to officers and directors of the Company.

10. Share capital

Authorized share capital: unlimited common shares without par value

(a) During the year ended December 31, 2018, the Company issued 5,075,000 common shares for proceeds of $279,125 pursuant to the exercise of share purchase warrants. As part of the exercise of share purchase warrants, the fair value of $123,527 was transferred from warrant reserve to share capital.

(b) On October 24, 2018, the Company issued 2,500,000 common shares with a fair value of $75,000 in consideration for the Marilyn Three mineral property acquisition. Refer to Note 6.

11. Stock options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company to a maximum of 10% of the issued and outstanding common shares, and not exceeding 5% granted to any individual. The stock options have a maximum term of five years and cannot be assigned or transferred.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2017	2,209,050	0.15
Issued	2,000,000	0.06
Expired	(1,100,000)	0.15
Outstanding, December 31, 2018	3,109,050	0.09
Expired	(109,050)	0.48
Outstanding, December 31, 2019	3,000,000	0.08

(Expressed in Canadian Dollars)

11. Stock options (continued)

Additional information regarding stock options as at December 31, 2019 is as follows:

Range of exercise prices $	Number of options outstanding and exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.06	2,000,000	1.64	0.06
0.11	1,000,000	1.59	0.11
	3,000,000	1.62	0.08

The fair value for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures and the following weighted average assumptions:

	2019	2018
Risk-free interest rate	–	2.12%
Expected life (in years)	–	3
Expected volatility	–	172%

The total fair value of stock options vested during the year ended December 31, 2019 was $nil (2018 - $76,320) which was recorded as share-based payment reserve and charged to operations. The weighted average grant date fair value of stock options granted during the year ended December 31, 2019 was $nil (2018 - $0.04) per option.

12. Share Purchase Warrants

	Number of warrants	Weighted average exercise price $
Outstanding, December 31, 2017	17,067,300	0.055
Exercised	(5,075,000)	0.055
Expired	(11,992,300)	0.055
Outstanding, December 31, 2018 and 2019	–	–

13. Segmented information

The Company operates in one industry segment, namely exploration of mineral resources in two geographic regions, Canada and Nicaragua. Geographical segmentation of the Company's non-current assets is as follows:

December 31, 2019	Canada $	Nicaragua $	Total $
Property and equipment	–	8,191	8,191
Mineral exploration properties	110,000	–	110,000
Investment in Santa Rita	–	2,317,744	2,317,744
	110,000	2,325,935	2,435,935

(Expressed in Canadian Dollars)

13. Segmented information (continued)

December 31, 2018	Canada $	Nicaragua $	Total $
Property and equipment	-	9,939	9,939
Mineral exploration properties	110,000	2,234,702	2,344,702
	110,000	2,244,641	2,354,641

14. Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, warrant reserve, and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2019. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

15. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making 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 included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments, which include cash, amounts receivable, accounts payable and accrued liabilities, loan payable to joint venture partner, loan payable to shareholder, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(Expressed in Canadian Dollars)

15. Financial Instruments and Risk Management (continued)

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. In addition to Canadian dollars, the Company conducts transactions in Nicaraguan Cordoba, including exploration and evaluation expenditures and transactions relating to its investment in Santa Rita. A 10% change in the foreign exchange rate would not have a material impact on the Company's consolidated financial statements.

(d) Interest Rate Risk

Interest rate risk is the risk from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is not exposed to any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at December 31, 2019, the Company had cash and amounts receivable of $105,203 (2018 - $21,316) to settle current liabilities of $572,405 (2018 - $249,397).

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

16. Income taxes

The tax effect of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2019 $	2018 $
Statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(8,198)	(47,192)
Tax effect of:		
Permanent differences and other	(75,986)	21,919
Expiry of tax losses	4,200	9,000
Change in unrecognized deferred income tax assets	58,072	114,955
Deferred income tax provision	(21,912)	98,682

(Expressed in Canadian Dollars)

16. Income taxes

The significant components of deferred income tax assets and liabilities are as follows:

	2019 $	2018 $
Deferred income tax assets		
Non-capital losses carried forward	4,381,598	5,031,781
Share issuance costs	2,743	4,905
Total deferred income tax assets	4,384,341	5,036,686
Deferred income tax liabilities		
Resource pools	(382,178)	(357,613)
Net deferred income tax assets	4,002,163	4,679,073
Unrecognized deferred income tax assets	(4,336,791)	(5,035,613)
Net deferred income tax liability	(334,628)	(356,540)

As at December 31, 2019, the Company has non-capital losses carried forward of approximately $16,209,000, which are available to offset future years' taxable income. These losses expire as follows:

	Canada $	Nicaragua $
2023	–	158,000
2026	900,000	–
2027	996,000	–
2028	1,182,000	–
2029	746,000	–
2030	1,972,000	–
2031	3,183,000	–
2032	1,750,000	–
2033	1,186,000	–
2034	1,505,000	–
2035	1,416,000	–
2036	662,000	–
2037	240,000	–
2038	78,000	–
2039	235,000	
	16,051,000	158,000

The Company also has available mineral resource related expenditure pools totalling $110,000, which may be deducted against future taxable income on a discretionary basis.

17. Subsequent events

(a) On February 14, 2020, the Company acquired a 100% interest in the York Gold Project, located in northeastern Quebec, and is comprised of 77 claims. The Company paid $12,000 and issued 1,250,000 units for the acquisition, where each unit was comprised of one common share and one share purchase warrant to acquire one additional share at $0.07 per share for the first six months and $0.10 per share thereafter for a period of one year from the date of acquisition. The vendor retains a 2% NSR, of which half can be acquired for $1,000,000.

(b) On May 20, 2020, the Company completed a private placement and issued 40,000,000 units at $0.015 per unit for proceeds of $600,000. Each unit was comprised of one common share and one share purchase warrant, which is exercisable into one common share of the Company at $0.05 per share for a period of two years from the date of issuance, subject to the Company's option to accelerate expiry in the event that the Company's share price closes at, or above, $0.07 for 10 consecutive trading days.