(A Development Stage Enterprise)

Financial Statements

For the years ended December 31, 2019 and 2018

(Stated in Canadian Dollars)

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

December 31, 2019 and 2018

Wasserman Ramsay

Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Metals Creek Resources Corp.:

Opinion

We have audited the financial statements of Metals Creek Resources Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive loss, changes in equity and 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 (IFRSs).

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 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 financial statements, which indicates that as of December 31, 2019 the Company had incurred losses resulting in an accumulated deficit of $14,038,728 and has not earned any significant revenues to date. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises:

- 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 identified above 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. 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 IFRSs, 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 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 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 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 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 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 on the audit resulting in this independent auditor's report is Kevin Ramsay.

Wasserman Ramsay

Markham, Ontario
March 16, 2020

Chartered Professional Accountants
Licensed Public Accountants

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS OF FINANCIAL POSITION
For the years ended December 31

	2019 $	2018 $
ASSETS		
Current		
Cash	**49,641**	545,298
Cash – restricted (note 6)	**67,000**	-
Short term investments (notes 4 and 6)	**405,636**	606,454
Short term investments - restricted (note 6)	**-**	194,370
H.S.T. and other receivables	**13,239**	27,830
Share subscription proceeds receivable (notes 6 and 9(vi))	**175,250**	-
Staking security deposits (note 15)	**12,350**	15,750
Prepaid expenses	**8,793**	9,572
	731,909	1,399,274
Property and equipment (note 5)	**20,128**	23,699
Long term investments (note 7)	**844,763**	595,625
Exploration and evaluation assets (note 8)	**5,952,097**	5,953,593
	7,548,897	7,972,191
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (note 11)	**68,545**	185,895
Current portion of lease liability (note 10)	**2,269**	-
Deferred premium on flow-through shares (note 9(vi))	**48,450**	17,670
	119,264	203,565
Equity		
Share Capital (note 9)	**13,860,048**	13,714,507
Reserves (note 9)	**7,608,313**	7,481,992
Deficit	**(14,038,728)**	(13,427,873)
	7,429,633	7,768,626
	7,548,897	7,972,191

Nature and Continuance of Operations – Note 1
Subsequent Events – Notes 7,8 and 9

These financial statements are authorized for issue by the Board of Directors on March 16, 2020. They are signed on the Corporation's behalf by:

"Alexander Stares" Director
"Nick Tsimidis" Director

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31

	2019 $	2018 $
EXPENSES		
Business development	63,077	77,571
Depreciation	20,850	9,792
Office and general	87,369	105,293
Professional fees (note 11)	30,184	72,097
Consultants	15,000	-
Salaries and benefits	363,246	298,345
Share-based payments (note 9(iii))	81,795	84,485
Part XII.6 tax	1,610	-
Write-down of exploration and evaluation assets	5,344	75,567
Pre-acquisition exploration and evaluation expenses	49,458	94,735
Adjustment to fair value for fair value through profit and loss investments	(39,998)	327,309
	(677,935)	(1,145,194)
Loss before the following:	(677,935)	(1,145,194)
Gain on sale of investments	20,595	54,000
Gain on sale or option of exploration and evaluation assets, net	4,300	277,875
Interest and investment income	13,832	13,215
Grant and other revenue (note 8(d))	10,683	-
Loss before deferred tax recovery	(628,525)	(800,104)
Deferred tax recovery – flow-through (notes 9(vi))	17,670	51,907
Loss and comprehensive loss for the year	(610,855)	(748,197)
Loss per share – basic and diluted (note 17)	(0.01)	(0.01)
Weighted Average Shares Outstanding – basic and diluted	69,789,706	58,495,344

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2019 and 2018

	Share Capital		Reserves			
	Number of Shares #	Share Capital $	Warrants $	Equity Settled Benefits $	Deficit $	Total
Balance at December 31, 2017	**56,262,935**	**13,310,006**	**1,563,812**	**5,629,628**	**(12,679,676)**	**7,823,770**
Share-based payments	-	-	-	84,485	-	84,485
Issued for cash:						
Private placement	13,257,333	507,303	204,067	-	-	711,370
Share issue costs	-	(54,299)	-	-	-	(54,299)
Flow-through share premium (note 9(vi))	-	(48,503)	-	-	-	(48,503)
Expiration of warrants	-	-	(529,122)	529,122	-	-
Loss and comprehensive loss for the year	-	-	-	-	(748,197)	(748,197)
Balance at December 31, 2018	**69,520,268**	**13,714,507**	**1,238,757**	**6,243,235**	**(13,427,873)**	**7,768,626**

Balance at December 31, 2018	**69,520,268**	**13,714,507**	**1,238,757**	**6,243,235**	**(13,427,873)**	**7,768,626**
Share-based payments	-	-	-	81,795		81,795
Expiration of warrants	-	-	(759,301)	759,301	-	-
Issued for cash:						
Private placement	4,845,000	197,724	44,526	-	-	242,250
Share issue costs	-	(23,733)	-	-	-	(23,733)
Flow-through share premium (note 9(vi))	-	(48,450)	-	-	-	(48,450)
Issued in connection with property option agreements	500,000	20,000	-	-	-	20,000
Loss and comprehensive loss for the year	-	-	-	-	(610,855)	(610,855)
Balance, December 31, 2019	**74,865,268**	**13,860,048**	**523,982**	**7,084,331**	**(14,038,728)**	**7,429,633**

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS CASH FLOWS
For the years ended December 31

	2019 $	2018 $
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the year	(610,855)	(748,197)
Items not requiring an outlay of cash:		
Deferred tax recovery – flow-through	(17,670)	(51,907)
Depreciation	20,850	9,792
Share-based payments	81,795	84,485
Adjustment to fair value for fair value through profit and loss investments	(39,998)	327,309
Write-down of exploration and evaluation assets	5,344	75,567
Imputed interest on lease liability	833	-
Gain on sale of long term investments	(20,595)	(54,000)
Change in non-cash working capital items:		
Decrease in H.S.T. and other receivables	14,591	7,151
Increase in prepaid expenses	(441)	(994)
Increase (decrease) in accounts payable and accrued liabilities	(117,350)	130,333
Cash flows used in operating activities	(683,496)	(220,461)
FINANCING ACTIVITIES		
Issuance of capital stock for cash	242,250	711,370
Share issue costs – cash commissions and expenses	(23,733)	(54,299)
Increase in share subscription proceeds receivable	(175,250)	-
Payments on lease liability	(14,625)	-
Redemption of short term investments	395,188	631,416
Cash flows from financing activities	423,830	1,288,487
INVESTING ACTIVITIES		
Decrease staking security deposits	3,400	550
Expenditures on exploration and evaluation assets	(329,236)	(717,818)
Expenditure recoveries on exploration and evaluation assets	40,000	-
Net proceeds on sale of long term investments	44,095	158,500
Grants received on exploration and evaluation assets	-	100,000
Gain on sale of exploration and evaluation assets	(4,300)	(277,875)
Proceeds on sale of exploration and evaluation assets	77,050	130,000
Acquisition of property and equipment	-	(1,631)
Cash flows used in investing activities	(168,991)	(608,274)
Increase (decrease) in cash	(428,657)	459,752
Cash – beginning of year	545,298	85,546
Cash – end of year	116,641	545,298

Supplemental cash flow information (note 16)

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Metals Creek Resources Corp. (the "Company") was incorporated on June 21, 2004 under the Business Corporations Act (Ontario). The Company's head office is located at 945 Cobalt Crescent, Thunder Bay, Ontario, Canada, P7B 5Z4.

The Company is an exploration stage company, and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The accompanying financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has working capital in the amount of $612,645 (December 31, 2018- $1,195,709) and has a deficit in the amount of $14,038,728 (December 31, 2018 - $13,427,873). The Company has not earned any significant revenues to date and is considered to be in the exploration stage.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and statement of compliance with IFRS

These financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board"). These financial statements were authorized for issue by the Board of Directors on March 16, 2020.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These financial statements including comparatives have been prepared on the basis of IFRS standards that were in effect on December 31, 2020.

The standards that are effective in the annual financial statements for the year ending December 31, 2019 are subject to change and may be affected by additional interpretation(s).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Canadian dollars (CDN), which is also the functional currency of the Company.

Investments in Joint Ventures

Entities whose economic activities are controlled jointly by the Company and other ventures independent of the Company (joint ventures) are accounted for using the proportionate consolidation method, whereby the Company's share of the assets, liabilities, income and expenses is included line by line in the financial statements.

Unrealized gains and losses on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Company.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in joint ventures is not provided if the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Flow-Through Financing

The Company raises equity through the issuance of flow-through shares. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. The Corporation allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed pro-rata as expenditures are made and are recorded in the statement of loss and comprehensive loss. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a maximum period.

Property and Equipment

Purchased property and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of property and equipment. The periods generally applicable are:

Furniture and fixtures and general equipment	20%
Computer equipment	55%
Computer software	100%
Automobile	30%
Leasehold improvements	20%

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within “other income” or “other expenses.”

Environmental Rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest and can be the result of a legal or constructive obligation. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Impairment

At each financial position reporting date the carrying amounts of the Company’s assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair values less costs 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 to their present value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Company has only one single reportable operating segment.

Share capital

Share capital represents the fair value of consideration received.

Operating Expenses

Operating expenses are recognized in profit and loss upon utilization of the services or at the date of their origin.

Share-based payment transactions

The Company operates equity-settled share-based remuneration plans for its employees, directors and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term investments, highly liquid investments that are readily convertible into known amounts or cash and which are subject to an insignificant risk of changes in value.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and crediting all revenue received against the cost of related claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the income statement.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The aggregate costs related to abandoned mineral climes are charged to operations at the time or any abandonment or when it has been determined that there is evidence of a permanent impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is depended on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss
- held-to-maturity investments
- fair value through other comprehensive income (“FVTOCI”) financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within ‘office and general’, or ‘finance income’, except for impairment of trade receivables which is presented within ‘other expenses’.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company’s cash and cash equivalents, short-term investments, deposits, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold any investments designated into this category.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Financial assets at fair value through other comprehensive income (“FVTOCI”)
FVTOCI financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Corporation does not hold any FVTOCI financial assets.

All other FVTOIC financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the FVTOCI reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognized in profit or loss within ‘finance income’.

Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

Financial liabilities
The Company's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'office and general expenses' or 'finance income'.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted. For unlisted shares classified as FVTOCI, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

• significant financial difficulty of the issuer or counterparty; or
• default of delinquency in interest or principal payments; or
• it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, deposits and prepayments, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of FVTOCI equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of FVTOCI equity securities, impairment loses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

The Company does not have any derivative instruments.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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

i. the recoverability of amounts receivable and prepayments which are included in the statements of financial position;

ii. the estimated useful lives of property and equipment which are included in the statements of financial position and the related depreciation included in the statement of comprehensive loss for the year ended December 31, 2019;

iii. the inputs used in accounting for share purchase option expense in the statement of comprehensive loss; and

iv. the provision for income taxes which is included in the statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the statement of financial position at December 31, 2019.

3. ADOPTION OF NEW ACCOUNTING STANDARDS:

IFRS – 16 - Leases

The Company applied IFRS 16 with a date of initial application of January 1, 2019 using the modified retrospective approach under which the cumulative effect of initial application is recognized in the opening balance sheet on January 1, 2019. Comparatives for the 2018 reporting period have not been restated and are accounted for under IAS 17, Leases, and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease as explained below.

On transition to IFRS 16, the Company elected not to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 lease definition assessment to all contracts including those that were previously not identified as leases.

Classification of a lease

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases on the balance sheet.

For leases of other assets, which were classified as operating leases under IAS 17, the Company recognized right-of-use assets and lease liabilities.

At transition, lease liabilities that were classified as operating leases under IAS 17 were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Impact on financial statements

On transition to IFRS 16, the Company recognized an additional $17,130 of right-of-use assets and $17,130 of lease liabilities, recognizing no difference in retained earnings as the Company opted for measuring the right-of-use at an amount equal to the lease liability adjusted by any prepaid or accrued lease payments relating to that lease, recognized in the statement of financial position immediately before the date of initial application, in accordance with IFRS 16.C8(b).

When measuring lease liabilities, the Company discounted lease payments using its estimated incremental borrowing rate at January 1, 2019 of 12%.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset will be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability when applicable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company presents right-of-use assets that do not meet the definition of investment property in “Property and equipment” and lease liabilities in “Lease liabilities”.

4. SHORT TERM INVESTMENTS:

	December 31, 2019 $	December 31, 2018 $
Money Market Mutual Funds	405,636	800,824
Less: Portion restricted for flow-through purposes (note 6)	-	(194,370)
Short term investments, net	405,636	606,454

These funds are available for exploration and evaluation expenditures and operations upon the request of the Company.

The money market mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates.

5. PROPERTY AND EQUIPMENT

	Cost	Acc. Depr.	Dec. 31, 2019 Net
Computer equipment	$ 29,517	$ 28,505	$ 1,012
Furniture and fixtures	13,467	12,426	1,041
Computer software	63,020	63,020	-
General equipment	33,028	28,901	4,127
Automobile	66,047	55,555	10,492
Leasehold improvements	4,812	4,812	-
Right-of-use assets – office (i)	17,280	13,824	3,456
	$ 227,171	$ 207,043	$ 20,128

	Cost	Acc. Depr.	Dec. 31, 2018 Net
Computer equipment	$ 29,517	$ 27,267	$ 2,250
Furniture and fixtures	13,467	12,166	1,301
Computer software	63,020	63,020	-
General equipment	33,028	27,869	5,159
Automobile	66,047	51,058	14,989
Leasehold improvements	4,812	4,812	-
	$ 209,891	$ 186,192	$ 23,699

(i) The Company's leased assets include its office premises. Amounts related to leased assets included in profit in loss include:

	December 31, 2019 $
Interest on lease liabilities	833
Depreciation charge – right-of-use assets	13,824

6. RESTRICTION ON THE USE OF CASH AND CASH EQUIVALENTS

During the year ended December 31, 2019 and the year ended December 31, 2018, the Company issued common shares that were designated as being flow-through shares. One of the conditions of issuing flow-through shares is that the Company is required to retain the gross proceeds for the exclusive purpose of paying for qualified Canadian exploration expenditures associated with its exploration and evaluation assets.

	December 31, 2019	December 31, 2018
Restriction on use of cash and cash equivalents, beginning of year	$ 194,370	$ 176,001
Qualified exploration expenditures paid from these funds during year	(194,370)	(361,001)
Gross proceeds received upon issuance of flow-through shares	242,250	379,370
Less: share subscription proceeds receivable	(175,250)	-
Restriction on use of cash and cash equivalents, end of year	$ 67,000	$ 194,370

At December 31, 2019, $175,250 of the $242,250 in proceeds from the issuance of flow-through shares was still receivable. These proceeds were received in the subsequent period in full and are also restricted exclusively for incurring qualified Canadian exploration expenditures.

7. LONG TERM INVESTMENTS

	December 31, 2019		December 31, 2018	
	Market $	Cost $	Market $	Cost $
Canadian Equities				
Spruce Ridge Resources Ltd. (i)	-	-	10,000	56,250
Americas Silver Corporation (i)	3,879	21,249	2,125	21,249
Noble Mineral Exploration Inc. (ii)	-	-	13,500	58,125
Sokoman Minerals Corp. (iii)	225,000	510,341	326,250	510,341
Xmet Inc. (iv)	-	83,500	-	83,500
White Metal Resources Corp. (v)	22,500	19,750	20,000	19,750
Benton Resources Inc. (vi)	15,750	18,250	14,000	18,250
Anaconda Mining Inc. (vii)	75,000	75,500	33,750	45,500
Trifecta Gold Ltd. (viii)	40,000	260,000	50,000	260,000
Quadro Resources Ltd. (ix)	231,000	448,000	126,000	448,000
O3 Mining Inc. (x)	183,634	154,639	-	-
Manning Ventures Inc. (xi)	48,000	48,000	-	-
	844,763	1,639,229	595,625	1,520,965

(i) The Spruce Ridge shares (TSX-V: SHL) were disposed of during the year ended December 31, 2019 for gross proceeds of $27,595. A gain on disposition in the amount of $17,595 was recorded in the current period. The shares of Americas Silver Corporation (TSX:USA) were received from Spruce Ridge originally as shares of RX Gold & Silver (which later merged with U.S. Gold & Silver Inc.) as a dividend-in-kind based on the Company's pro-rata ownership of Spruce Ridge and are valued at the December 31, 2019 closing price of $4.07 per common share (December 31, 2018 - $2.23).

(ii) The shares of Noble trade on the TSX-V exchange under the symbol “NOB” and were disposed of during the year ended December 31, 2019 for gross proceeds of $16,500. A gain on disposal of $3,000 was recorded during the year.

(iii) The shares of Sokoman Minerals Corp. (formerly Sokoman Iron Corp.) (TSX-V: SIC) are valued at the December 31, 2019 closing price of $0.10 (December 31, 2018 - $0.145). During the year ended December 31, 2018, the Company disposed of 900,000 shares of Sokoman for gross proceeds of $188,500. In addition, during the year ended December 31, 2018 the Company received an additional 750,000 shares of Sokoman related to the Clarks Brook anniversary payment. The Company currently holds 2,250,000 shares of Sokoman.

(iv) The aggregate of 2.3 million shares held by the Company are valued at nil at December 31, 2019 (December 31, 2018 - nil) as the shares of Xmet were downgraded to the NEX Exchange. The common shares of Xmet formerly traded on the TSX Venture Exchange under the symbol “XME”.

(v) During 2014, the Company sold two claim blocks totaling 210 claim units in southwest Labrador known as the Senecal Lake Property (“SL”) to White Metal Resources Corp., (“WHM”) (formerly Trillium North Minerals Ltd.) a company associated by common directorship. Pursuant to the sale, WHM issued 500,000 common shares for a 100% ownership interest. In addition, WHM has granted a 1% N.S.R. on the SL property as well as a 1% N.S.R. on adjacent claims already owned by WHM. WHM may buy-back up to 0.5% of each respective N.S.R. for $500,000 each (or $1 million for both claim groups). Pursuant to a share escrow agreement, the Company has received a total of 500,000 shares of WHM valued at the December 31, 2019 closing price of $0.045 per share (December 31, 2018- $0.04).

(vi) The 350,000 shares of Benton currently held by the Company are valued at the December 31, 2019 closing price of $0.045 per share (December 31, 2018 - $0.04). The shares of Benton trade on the TSX Venture Exchange under the symbol “BEX”.

(vii) During the 2016 year, the Company optioned both the Jackson’s Arm and Tilt Cove properties to Anaconda Mining Inc. (“Anaconda”) in separate agreements. Both option agreements provide Anaconda the right to earn an undivided 100% interest in the properties located in Newfoundland (See Notes 8(d)). Pursuant to these agreements, the Company received 150,000 shares (post 1 for 4 share consolidation that occurred in the 2018 year) of Anaconda. During the year ended December 31, 2019, the Company received an additional 150,000 share of Anaconda related to the Jackson’s Arm and Tilt Cove agreements. The aggregate 300,000 shares of Anaconda are valued at the December 31, 2019 closing price of $0.25 per share (December 31, 2018 - $0.225). The shares of Anaconda trade on the TSX Exchange under the symbol “ANX”.

(viii) During the 2016 fiscal year, the Company optioned its Squid East and West properties located in the Yukon to Trifecta Gold Ltd. (‘Trifecta”). During the 2017 year, Trifecta terminated the option agreement and returned the property to the Company. The 1 million shares received during the 2017 fiscal year are valued at the December 31, 2019 closing price of $0.04 per share (December 31, 2018 - $0.05). Trifecta shares trade on the TSX Venture Exchange under the symbol “TG”. See Note 8(d) for additional details.

(ix) The 4.2 million shares of Quadro Resources Ltd. (“Quadro”) are listed on the TSX Venture Exchange under the symbol “QRO” and are valued at the December 31, 2019 closing price of $0.055 per share (December 31, 2018 - $0.03). The shares were received pursuant to the Company’s disposition of its 50% interest in the Staghorn gold project in Newfoundland and a 33.3% interest in claims on the Great Northern Peninsula in Newfoundland. Subsequent to December 31, 2019, the Company disposed of 3.2 million shares of Quadro at $0.05 per share and reaquired them in a private placement at $0.05 per share along with 3.2million warrants. The warrants were transferred to a third party financier as part of Quadro’s capital raising initiative. The Company effectively has retained all 4.2 million shares, of which 3.2 million are subject to a statutory four month hold period from the date of issuance.

(x) The 64,433 shares of O3 Mining Inc. are listed on the TSX Venture Exchange under the symbol “OIII” and are valued at the December 31, 2019 closing price of $2.85 per share. The shares were received pursuant to the Company’s disposition of its option on the Garrison property in Ontario during the current year.

(xi) The 600,000 shares of Manning Ventures Inc. are listed on the Canadian Securities Exchange under the symbol “MANN” and are valued at the December 31, 2019 closing price of $0.08 per share. The shares were received pursuant to the Company's option agreement on the Yukon property. The shares carry a standard trading restriction until February 22, 2020.

8. EXPLORATION AND EVALUATION ASSETS

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for the year ended December 31, 2019 and year ended December 31, 2018 is summarized in the tables below:

For the year ended December 31, 2019

		Flint Lake (a)	Ogden (b)	Dona Lake (c)	Other (d)	Total
Dec. 31, 2018 - Acquisition Costs	$	2,231	499,164	-	36,165	537,560
						-
Additions		4,028	20,953	24,365	52,565	101,911
Writedowns/Recoveries		-		-	(82,178)	(82,178)
Subtotal	$	4,028	20,953	24,365	(29,613)	19,733
Dec. 31, 2019 - Acquisition Costs	$	**6,259**	**520,117**	**24,365**	**6,552**	**557,293**
Dec. 31, 2018 - Exploration and Evaluation Expenditures	$	120,570	5,039,764	-	255,699	5,416,033
Assaying		3,861	1,905	888	3,329	9,983
Prospecting		5,730	3,929	9,113	2,571	21,343
Geological		7,429	15,691	41,262	10,247	74,629
Geophysical			800	79,604	6,793	87,197
Line Cutting						-
Trenching				538		538
Diamond Drilling			2,713	22,244	8,242	33,199
Miscellaneous				9,307	2,824	12,131
Aboriginal Consultation				8,307		8,307
Writedowns/Recoveries					(268,556)	(268,556)
Subtotal	$	17,020	25,038	171,263	(234,550)	(21,229)
Dec. 31, 2019 - Exploration and Evaluation Expenditures	$	**137,590**	**5,064,802**	**171,263**	**21,149**	**5,394,804**
Dec. 31, 2019 - Total	$	**143,849**	**5,584,919**	**195,628**	**27,701**	**5,952,097**

For the year ended December 31, 2018

		Flint Lake (a)	Ogden (b)	Other (d)	Total
Dec. 31, 2017 - Acquisition Costs	$	1,076	481,265	8,495	490,836
					-
Additions		1,155	17,899	39,640	58,694
Writedowns/Recoveries		-	-	(11,970)	(11,970)
Subtotal	$	1,155	17,899	27,670	46,724
Dec. 31, 2018 - Acquisition Costs	$	**2,231**	**499,164**	**36,165**	**537,560**
Dec. 31, 2017 - Exploration and Evaluation Expenditures	$	62,198	4,853,176	28,007	4,943,381
Assaying		3,133	18,868	2,692	24,693
Prospecting		11,052	-	36,914	47,966
Geological		28,714	6,234	19,196	54,144
Geophysical		-	3,476	89,111	92,587
Line Cutting		-	-	19,158	19,158
Trenching		10,585	-	-	10,585
Diamond Drilling		-	255,858	145,887	401,745
Miscellaneous		2,309	2,152	1,206	5,667
Aboriginal Consultation		2,579	-	-	2,579
Writedowns/Recoveries		-	(100,000)	(86,472)	(186,472)
Subtotal	$	58,372	186,588	227,692	472,652
Dec. 31, 2018 - Exploration and Evaluation Expenditures	$	**120,570**	**5,039,764**	**255,699**	**5,416,033**
Dec. 31, 2018 - Total	$	**122,801**	**5,538,928**	**291,864**	**5,953,593**

a. Flint Lake Gold Property

In 2007, the Company acquired an option on the Flint Lake Gold project which is located approximately 40 km east of Kenora, Ontario and consists of 14 claims totaling 160 units. The Company entered into an option agreement with Endurance Gold Corp. whereby under the initial option the Company could earn a 70% interest in the property by making share payments totaling 400,000 shares (completed in 2008) and completing work commitments of $200,000 on the property (completed). The Company exercised a second option to earn a further 5% in the property by issuing a further 50,000 common shares (completed in 2008) and spent an additional $250,000 on the property (completed). The Company has now earned a 79.7% interest and a joint venture has been formed on a 79.7% (the Company) and 20.3% (Endurance Gold Corp.) basis.

b. Ogden

The Company has entered into an agreement with Goldcorp Canada Ltd. ("Goldcorp") to jointly explore Goldcorp's mining claims located in Ogden and Deloro Townships, located six kilometres south of Timmins, Ontario. The property consists of 84 patented and unpatented claims totaling approximately 1,184 hectares (the "Property"). The Company has earned a 50% interest in the property under the terms of the agreement.

The Company was the operator of the Property during the earn-in period and afterwards, provided it held a 50% or greater interest in the Property. During 2012, the Company received notice that Goldcorp did not intend to pursue its back-in right on the Ogden property and as a result, the Company and Goldcorp executed a 50/50 joint venture agreement. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

During 2018 the Company applied for and received a grant through the Northern Ontario Heritage Fund's Junior Exploration Assistance Program administered through the Ontario Prospector's Association. The amount of this grant was for the maximum eligible amount for a single project of $100,000. The grant was reflected as a reduction of the deferred exploration and evaluation costs associated with the Ogden project.

c. Dona Lake

The Dona Lake property consists of 32 patented and leased mining claims totaling approximately 430.1 hectares and covers the past producing Dona Lake Mine.

During the year ended December 31, 2019, the Company entered into an option and joint venture agreement with Goldcorp Canada Ltd. ("Goldcorp"), a wholly owned subsidiary of Newmont Goldcorp Corporation ("Newmont Goldcorp"). The option agreement allows for the Company to earn 100% of Goldcorp's interest in the Dona Lake property by issuing to Goldcorp a total of 7,000,000 common shares of the Company and funding $4,000,000 in exploration expenditures over 36 months as per the following schedule:

- Issuing 500,000 shares (issued) within 5 days of definitive agreement and TSX approval (the "Start Date") (received) and spending a minimum $500,000 prior to 1st anniversary of the Start Date (committed)
- Issuing 1,500,000 shares on or before 1st anniversary (committed) of the Start Date and spending an additional $1,000,000, to include a minimum 2,500 m drilling, prior to 2nd anniversary of the Start Date (optional)
- Issuing 2,000,000 shares on or before 2nd anniversary of the Start Date and spending an additional $2,500,000, to include a minimum 10,000 m drilling, prior to 3rd anniversary of the Start Date (optional)
- Issuing 3,000,000 shares on or before 3rd anniversary of the Start Date (Year 3 – optional)

After vesting, Newmont Goldcorp will have a one-time option to elect to earn back 51% of the Dona Lake property by spending $4,000,000 on exploration over the following 24 months.

d. Other Properties

Included in exploration and evaluation costs in Other Properties (located in Ontario and Newfoundland) are the Clark's Brook, Rogerson Lake, North Tip, High Lake Sed, Triangle Point, Change Island, Moreau and Cropeau properties. The Company also holds additional properties as more fully disclosed below. During the year ended December 31, 2019 the Company incurred $49,459 (December 31, 2018: $94,735) in pre-acquisition exploration and evaluation costs which were included in expenses for the year. In addition, due to no current work plans, the Company wrote off exploration and evaluation expenditures totaling $5,344 (December 31, 2018 - $75,567) during the year related to other properties. In addition, during the year ended December 31, 2019, the Company recovered a total of $194,639 from O3 Mining Inc. related to the disposition of the Garrison property which resulted in a loss on disposition in the amount of $150,750 that was recorded in the current year. During the year ended December 31, 2019, the Company received $10,683 related to an approved exploration grant from the Government of Newfoundland for work completed on the Great Brehat project.

Iron Horse

The Company retains a 0.9% royalty from the Iron Horse Project located approximately 120 km Northeast of Labrador City, Labrador and held by Sokoman Iron Corp.

Yukon

The Yukon property consists of 148 staked claims in two separate claim blocks in the Dawson Range gold district. The claim blocks are located in the Matson Creek area (Squid East and West properties). The Company owns a 100% interest in all claim blocks.

During the 2018 fiscal year, the Company optioned the property to Manning Ventures Inc. ("Manning"). Under the terms of the agreement, Manning has the option to acquire a 75% interest in the property by making cash payments to the Company of $65,000 over two years ($35,000 received), issue to the Company a total of 1,200,000 Manning common shares over two years (600,000 received) and incur work expenditures of $1,150,000 over four years ($50,000 by December 31, 2019). Manning will be the operator during the option period.

Tilt Cove

During the 2016 year, the Company entered into an option agreement, (the "Agreement") with Anaconda Mining Inc. ("Anaconda"), whereas Anaconda has the right to acquire a 100% undivided interest in the Company's property. To earn a 100% interest in the Tilt Cove property, Anaconda is required to make aggregate payments to Metals Creek of $200,000 in cash ($120,000 received), and issue 125,000 common shares (post 1 for 4 share consolidation that occurred during the current period) of Anaconda (75,000 shares received) over a three-year period. The Tilt Cove Agreement provides for a one percent (1%) NSR to the Company on the sale of gold-bearing mineral products from the Tilt Cove property. Anaconda is also assuming an existing two percent (2%) NSR (the "Existing NSR") on one of the two licenses that comprises the Tilt Cove property. One percent (1%) of the Existing NSR is purchasable for $1,250,000. Anaconda is required to spend a total of $750,000 in qualified exploration expenditures on the Tilt Cove property during the option period.

During the year ended December 31, 2019, the Company and Anaconda renegotiated the third and final anniversary payment of the Agreement. On or before November 7, 2019, Anaconda will pay the Company $20,000 and issue 100,000 common shares (received). Anaconda will also pay the Company an additional $20,000 in cash on or before each of February 6, 2020 (subsequently received), May 6, 2020 and August 6, 2020 ($60,000 total). Finally, Anaconda commits to incur a minimum of $150,000 in exploration expenditures during the remainder of the option period. All other terms of the Agreement remain unchanged.

Jackson's Arm

The Jackson's Arm property consists of 53 staked claim units totaling 1,325 hectares and is located in north-central Newfoundland. The Company owns a 100% interest in the project.

During the 2016 year, the Company entered into an option agreement, (the "Jackson's Arm Agreement") with Anaconda Mining Inc. ("Anaconda"), whereas Anaconda has the right to acquire a 100% undivided interest in the Company's Jackson's Arm property. To earn a 100% interest in the Jackson's Arm property, Anaconda is required to make aggregate payments to the Company of $200,000 in cash ($120,000 received), and issue 125,000 common shares (post 1 for 4 share consolidation that occurred during the current period) of Anaconda (75,000 shares received) over a three-year period. The Jackson's Arm Agreement provides for a two percent (2%) net smelter returns royalty ("NSR") to the Company on the sale of gold bearing mineral products from the Jackson's Arm property. The NSR is capped at $1,500,000, after which, the NSR will be reduced to one percent (1%). Anaconda is required to spend a total of $750,000 in qualified exploration expenditures on the Jackson's Arm property during the option period.

During the year ended December 31, 2019, Anaconda and Magna Terra Minerals Inc. ("Magna Terra") announced they have entered into a definitive share purchase agreement dated October 14, 2019, whereby Magna Terra proposes to acquire all of the issued and outstanding common shares of Anaconda's wholly owned subsidiary, 2647102 Ontario Inc. (ExploreCo). ExploreCo owns a 100-percent interest in the Great Northern and Viking projects in Newfoundland and Labrador, and the Cape Spencer project in New Brunswick. The Jackson's Arm project is part of ExploreCo's Great Northern Project. In conjunction with this restructuring, the Company and Anaconda renegotiated the third and final anniversary payment of the Jackson's Arm Agreement. On or before November 7, 2019, Anaconda will issue to the Company 50,000 common shares of Anaconda (received). In addition, on or before January 6, 2020, and later extended to March 15, 2020, Magna Terra will pay the Company $20,000 and issue common shares of Magna Terra valued at $70,000 at the time of issuance. All other terms of the Jackson's Arm Agreement remain unchanged.

Clarks Brook

During the year ended December 31, 2017, the Company executed a Letter of Intent ("LOI") with Sokoman Iron Corp. ("Sokoman") whereby Sokoman can earn up to a 100% interest in the Clarks Brook gold property located in central Newfoundland. To earn an initial 75% interest, Sokoman must make cash payments of $45,000 over a three year period and issue a total of 3 million Sokoman common shares over three years (500,000 received) and incur expenditures of $800,000 over three years ($100,000 by the first anniversary). Sokoman will be the operator during the earn-in period. Once a 75% interest is earned by Sokoman, either a 75%/25% joint venture will be formed, or Sokoman may elect to earn an additional 25% interest (to bring interest to 100%) by paying an additional $100,000 and issuing a further 2 million Sokoman common shares within 60 days of the third anniversary date. During the year ended December 31, 2018, Sokoman issued 750,000 shares and $10,000 cash to the Company pursuant to the terms of the Clarks Brook LOI. The payment was recorded as an offset to the remaining deferred exploration and evaluation costs related to the project with the remainder being recorded in the gain on sale or option of exploration and evaluation assets at December 31, 2018. During the year ended December 31, 2019, Sokoman terminated the option agreement with the Company and returned the property.

Subsequent to December 31, 2019, the Company signed a letter of intent outlining terms whereby Deep Blue Trading Inc. ("DBT") (a private company owned by an arm's length third party) can earn a 100% interest in the Clarks Brook property by making cash payments of $195,000 over three years ($20,000 on signing and subsequently received) and issuing a total of 1,500,000 common shares over three years (200,000 due when the eventual listed issuer that will hold the project is announced). Metals Creek will retain a 2% NSR, one-half (1%) of which can be purchased by DBT for $1,000,000. DBT must also complete a 43-101 report on the property by the first anniversary.

Garrison

During the year ended December 31, 2018, the Company executed a Letter of Intent ("LOI") to acquire 10 Patented Mining Claims (The Patents) in Garrison Township approximately 35 kms north- northeast of Kirkland Lake, Ontario. The patents are contiguous with Osisko Mining to the west, south and east and contiguous with Kirkland Lake Gold to the north.

Metals Creek can earn a 100% interest in the patents by making cash payments totaling $310,000 over a period of 4 years following the execution of the LOI ($30,000 paid). The vendors will retain a 2% NSR which the Company can purchase 1% for $1 million.

During the year ended December 31, 2019, the Company entered into an Asset purchase agreement with O3 Mining Inc. to sell 100% of the right to its option on the Garrison project. Under the terms of the Asset Purchase Agreement, The aggregate purchase price (the "Purchase Price") payable by O3 Mining to Metals Creek for 100% of the Option shall be $250,000 and shall be satisfied by the issuance from treasury of O3 Mining of such number of Purchaser Shares as is equal to the Purchase Price divided by the issue price of $3.88 per Purchaser Share. In addition O3 Mining will assume the responsibility of fulfilling the liabilities of the original agreement with the owners. The Company recorded a loss on disposition of the Garrison property totaling $150,750 during the year related to the excess deferred exploration and evaluation expenditures on the property over the proceeds on disposition.

Following closing of the transaction Metals Creek will retain a half percent (0.5%) NSR which can be purchased anytime by O3 Mining for $140,000.

Great Northern Peninsula – Lead/Silver Project

During the year ended December 31, 2018, the Company entered into an option agreement with Quadro Resources Inc. ("Quadro"), whereby Quadro can earn the Company's 33.33 percent interest it the new claims that were jointly staked on Newfoundland's Great Northern Peninsula. To acquire the Company's one-third interest, Quadro will issue to the Company a total of 1,000,000 shares according to the following schedule:

- 200,000 Quadro common shares on signing (received);
- 300,000 Quadro common shares within six months of approval date (cancelled); and
- 500,000 Quadro common shares within eighteen months of approval date (cancelled)

The Company will retain a 1.0% Net Smelter Return (NSR) royalty on any future mineral production from the claims. Quadro will have the right to purchase 50% of the NSR from the Company for $500,000. During the year ended December 31, 2019, the Company was informed by Quadro that they were terminating the option agreement and the project will revert to a 33.33% interest to each company (Benton, Metals Creek Resources and Quadro) and a joint venture is to be formed. As a result, the March 27, 2019 share payment from Quadro was not made to the Company.

9. CAPITAL AND RESERVES

i. Share Capital

At December 31, 2019, the authorized share capital comprised an unlimited number of common shares and an unlimited number of preferred shares.

To date, no preferred shares have been issued.

ii. Share Purchase Warrants

Details of share purchase warrant transactions for the year ended December 31, 2019 and 2018 are as follows:

	# of Warrants	Amount $	Wtd. Avg. Ex. Price
Balance, December 31, 2017	29,720,648	1,563,812	$0.16
Issued pursuant to private placements (note 9(vi))	10,654,506	204,067	$0.10
Expired during the year	(4,383,866)	(529,122)	$0.18
Balance, December 31, 2018	35,991,288	1,238,757	$0.13
Expired during the year	(14,761,200)	(759,301)	$0.16
Issued pursuant to private placements	2,750,900	44,526	$0.07
Balance, December 31, 2019	23,980,988	523,982	$0.11

For purposes of the warrants granted, the fair value of each warrant was estimated on the date of grant using an option pricing model, using the assumptions noted in note 9(vi).

Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The following table summarizes information about the warrants outstanding at December 31, 2019 and 2018:

Expiry Dates	Exercise Price	December 31, 2019 # of Warrants	December 31, 2018 # of Warrants
August 19, 2019	$0.10	-	1,061,200
August 19, 2019	$0.16	-	13,700,000
July 25, 2020	$0.10	3,561,666	3,561,666
October 24, 2020	$0.12	8,692,250	8,692,250
November 23, 2020	$0.12	1,883,332	1,883,332
December 28, 2020	$0.10	7,092,840	7,092,840
June 30, 2021	$0.07	2,750,900	-
		23,980,988	35,991,288

iii. Stock Options

Details of stock option transactions for the year ended December 31, 2019 and 2018 are as follows:

	# of Options	Wtd. Avg. Ex. Price
Balance, December 31, 2017	3,836,431	$0.16
Granted during the year	1,000,000	$0.10
Expired during the year	(315,716)	$0.55
Balance, December 31, 2018	4,520,715	$0.12
Granted during the year	2,200,000	$0.07
Expired during the year	(160,715	$0.49
Balance, December 31, 2019	6,560,000	$0.09

The following table summarizes information about the options outstanding at December 31, 2019 and 2018:

Expiry Dates	Exercise Price	December 31, 2019 # of Options	December 31, 2018 # of Options
October 2019	$0.49	-	160,715
March 2021	$0.11	1,260,000	1,260,000
July 2021	$0.12	850,000	850,000
September 2021	$0.10	1,150,000	1,150,000
March 2022	$0.10	100,000	100,000
January 2023	$0.10	1,000,000	1,000,000
January 2024	$0.07	2,200,000	-
		6,560,000	4,520,715

The Company applies the fair value method of accounting for share-based payments using an option pricing model. During the year ended December 31, 2019, 160,715 options with an exercise price of $0.49 expired unexercised.

Stock options granted to directors, officers, employees and consultants vested during the year ended December 31, 2019 are as follows:

Grant Date	# of Options	Exercise Price	Expiry Date
January 8, 2018	7,306	$0.10	January 8, 2023
January 3, 2019	2,193,972	$0.07	January 3, 2024
	2,201,278		

The Company has calculated $81,795 (December 31, 2018 - $84,485) as share-based payments expense and under capital stock as reserves for the 2,201,278 options vesting to directors, officers and employees and consultants during the year:

- For the 7,306 options vesting from the January 8, 2018 grant, the fair value of each vested option is $0.0846 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 169%, a risk-free interest rate of 1.98% and an expected life of approximately 5 years.

- For the 2,193,972 options vesting from the January 3, 2019 grant, the fair value of each vested option is $0.037 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 168%, a risk-free interest rate of 1.76% and an expected life of approximately 5 years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

iv. Stock Option Plan

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 6,952,026 common shares of which 6,560,000 are outstanding at December 31, 2019. The Plan provides that:

- any options granted pursuant to the Plan shall expire no later than five years after the date of grant;

- any options granted pursuant to the Plan shall be non-assignable and non-transferable;

- the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;

- the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;

- the number of common shares issuable pursuant to the Plan to persons employed in technical consulting activities may not exceed 2% of the outstanding common shares in any 12 month period.

- the Plan provides that options shall expire and terminate 90 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.

- the maximum number of common shares which may be reserved and set aside for issue under Plan is equal to up to 10% of the issued and outstanding common shares, provided that the Board may, subject to Shareholder and regulatory approvals, increase such number.

- the Plan provides that options granted under the plan shall vest in the optionee, and may be exercisable by the optionee as follows: (1) 1/3 on the date of granting; (2) 1/3 six months from the date of granting; and (3) 1/3 twelve months from the date of granting.

v. Shareholder Rights Plan

The Company has adopted a shareholder rights plan (the "Rights Plan") to ensure the fair treatment of all Company shareholders in connection with any take-over bid for the outstanding common shares of the Company. The Rights Plan will provide the Company's shareholders with adequate time to properly evaluate and assess a take-over bid without facing undue pressure or coercion. The Rights Plan also provides the board of directors of the Company with additional time to consider any take-over bid and, if applicable, to explore alternative transactions in order to maximize shareholder value.

Pursuant to the Rights Plan, any bid that meets certain criteria intended to protect the interests of all shareholders are deemed to be "Permitted Bids". A Permitted Bid must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, in addition to certain other conditions, must remain open for 60 days. In the event a take-over bid does not meet the Permitted Bid requirements of the Rights Plan, the rights issued under the plan will entitle shareholders, other than any shareholder or shareholders involved in the take-over bid, to purchase additional common shares of the Company at a significant discount to the market price of the common shares at that time.

vi. Private Placements

During the year ended December 31, 2019, the Company completed the following private placement:

- The Company completed a non-brokered flow through private placement by issuing 4,845,000 units at a price of $0.05 per unit for aggregate proceeds of $242,250. Each unit consists of one flow-through common share and one-half of one common share purchase warrant, each whole warrant entitling the holder therein to purchase an additional common share of the Company for $0.07 until June 30, 2021. At December 31, 2019, proceeds of $175,250 were recorded as receivable and were received in the subsequent period.

  In connection with the private placement, the Company paid cash finders' fees totalling $16,188 as well as 328,400 finders' warrants exercisable at $0.07 expiring June 30, 2021.

During the year ended December 31, 2018, the Company completed the following private placements:

- In December 2018 the Company completed a private placement for aggregate gross proceeds of $436,370 consisting of 4,840,000 non flow-through units at a price of $0.05 per unit, each unit consisting of one common share and one common share purchase warrant exercisable at $0.10 for 24 months following the issuance date and 3,534,000 flow-through units at a price of $0.055 per unit, each flow-through unit consists of one flow-through common share and one-half of one non flow-through common share purchase warrant. Each whole warrant entitles the holder to purchase one additional non flow-through common share of the Company at an exercise price of $0.10 per common share for a period of 24 months from the date of issuance.

  In connection with the private placement, the company paid finders' fees equal to $27,404.30 in cash and 485,840 common share purchase warrants issued on the same terms as the non flow-through and flow-through warrants.

- In July 2018 the Company completed a private placement for aggregate gross proceeds of $275,000 consisting of 1,800,000 non-flow through units at a price of $0.05 per unit, each unit consisting of one common share and one common share purchase warrant exercisable at $0.10 for 24 months following the issuance date and 3,083,333 flow-through units at a price of $0.06 per unit, each unit consisting of one flow-through common share and one half of one common share purchase warrant, each whole warrant exercisable at $0.10 for 24 months following the issuance.

  Arm's length third parties assisting in the private placement were paid cash a 6% commission totalling $9,900 and broker warrants equal to 8% of placed securities, totaling 220,000 warrants, each broker warrant entitling the holder to acquire one common share of the Corporation for $0.10 for a period of 24 months following the issuance date of the units.

The deferred premium on the issuance of the 4,845,000 flow-through common shares was $48,450. This difference between the proceeds of the placement and the net amount recorded in the Company's share capital account is treated as a liability in accordance with IFRS. This liability is reversed into earnings as the Company incurs flow-through eligible exploration and evaluation expenditures. This reversal amounted to $17,670 for the year ended December 31, 2019 (December 31, 2018 - $51,907) resulting in a deferred premium balance of $48,450 at December 31, 2019 (December 31, 2018 – $17,670).

10. LEASE LIABILITY

The lease liability relates to a lease for the Company's office premises. The lease expires on March 31, 2020 at an estimated interest rate of 12% (the Company's estimated incremental borrowing rate). At December 31, 2019, the undiscounted lease obligation is as follows:

	December 31, 2019 $	January 1, 2019 $
Lease liability	2,269	17,130
Less: Current portion	(2,269)	(14,861)
Long-term portion	-	2,269

11. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties during the years ended December 31, 2019 and 2018:

Payee	Description of Relationship	Nature of Transaction	December 31, 2019 Amount ($)	December 31, 2018 Amount ($)
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services and reimbursement of expenses	28,800	28,800
Nick Tsimidis	Director and Officer	Payments for consulting fees	13,000	16,000
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Director and Officer	Payments for field services and equipment rentals capitalized in deferred development expenditures	1,302	1,275

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities at December 31, 2019 is:

- $2,760 payable to Eastrock Exploration Inc., (December 31, 2018: $2,760) (inclusive of HST)

Key management personnel remuneration during the year ended December 31, 2019 included $330,422 (December 31, 2018 - $333,722) in salaries and benefits and $32,534 (December 31, 2018 - $33,593) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the year.

12. CAPITAL DISCLOSURES

The Company's objectives when managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern;
- To raise sufficient capital to finance its exploration and evaluation activities on its mineral exploration properties; and
- To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustment to it, based on the general economic conditions, its short term working capital requirements, and its planned exploration and evaluation program expenditure requirement. The capital structure of the Company is composed of working capital and shareholders' equity. The Company may manage its capital by issuing flow-through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the year.

In order to maintain or adjust the capital structure, the Company considers the following;

- i) incremental investment and acquisition opportunities;
- ii) equity and debt capital available from capital markets;
- iii) equity and debt credit that may be obtainable from the marketplace as a result of growth in mineral reserves;
- iv) availability of other sources of debt with different characteristics than the existing bank debt;
- v) the sale of assets;
- vi) limiting the size of the investment program; and
- vii) new share issuances if available on favorable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at December 31, 2019.

13. RISK MANAGEMENT

The Company's financial instruments are exposed to certain risks, including credit risk, liquidity risk, interest rate risk and market risk.

(a) Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of offset exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

i) Trade credit risk
The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior period.

ii) Cash and cash equivalents
In order to manage credit and liquidity risk the Company's cash and short term investments are held through large Canadian Financial Institutions. Staking security deposits are held by the Government of Newfoundland.

iii) Derivative financial instruments
As at December 31, 2019, the Company has no derivative financial instruments.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities.

Accounts payable and accrued liabilities are due within the current operating period.

(c) Interest rate risk

The Company's interest revenue earned on cash and or short-term investments is exposed to interest rate risk. The Company does not enter into derivative contracts to manage this risk. The Company's exposure to interest rate is very low as the Company's short term investments are either fully liquid or bear short staggered maturity dates to mitigate the risk of fluctuating interest rates.

The Company limits its exposure to interest rate risk as it invests only in short-term investments at major Canadian financial institutions.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

14. INCOME TAXES

a. Income tax recovery

The provision for (recovery of) income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 26.5% (December 31, 2018 – 26.5%).

		December 31, 2019		December 31, 2018
Loss before taxes	$	(628,525)	$	(800,104)
Expected income tax expense (recovery) calculated using statutory rates		(166,559)		(212,028)
Non-deductible expenses and other adjustments		23,730		67,212
Share issue costs		(23,135)		(21,876)
Valuation allowance on current taxes recoverable		148,294		114,785
Deferred tax recovery (flow-through)	$	(17,670)	$	(51,907)

b. Deferred Tax Balances

The tax effects of temporary differences that give rise to deferred income tax assets and deferred income tax liabilities at the combined Canadian federal and provincial statutory tax rates are as follows:

		December 31, 2019		December 31, 2018
Non-capital losses	$	1,858,024	$	1,701,457
Investments		256,499		280,433
Deferred exploration expenditures		(692,990)		(639,983)
Share issue costs		27,958		43,849
Property and equipment		(379)		589
Valuation allowance		(1,449,112)		(1,386,345)
	$	-	$	-

c. Income Tax Information

The Company has non-capital losses which will expire, if unused, as follows:

Year of Expiry		**Amount**
2027		312,501
2028		477,824
2029		628,389
2030		595,537
2031		525,285
2032		877,369
2034		693,711
2035		752,088
2036		658,271
2037		655,830
2038		629,024
2039		626,268
Total	**$**	**7,432,097**

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and this causes a change in management's judgment about the recoverability of deferred tax assets, the impact of the change on the valuation allowance is reflected in current income.

In addition to the above-noted loss non-capital loss carry-forwards, the Company also has approximately $3.18 million in combined Cumulative Canadian Exploration Expenses (CEE) and Cumulative Canadian Development Expenses (CDE) available for deduction from future taxable income in future years without expiry as well as net capital loss carry-forwards amounting to $231,530.

15. STAKING SECURITY DEPOSITS

Staking security deposits of $12,350 (December 31, 2018 – $15,750) represents security amounts paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These staking security deposits are refundable to the company upon submission by the company of a report covering the first year work undertaken which meets the requirements of the Government of Newfoundland and Labrador.

16. SUPPLEMENTAL CASH FLOW INFORMATION

The following transactions did not result in cash flows and have been excluded from operating, financing and investing activities:

	December 31, 2019 $	December 31, 2018 $
Non-cash operating activities		
Prepaid expenses allocated to reduce lease liability – IFRS 16	1,220	-
Non-cash financing activities		
Fair value of warrants issued	44,526	204,067
Non-cash investing activities		
Shares received for exploration and evaluation assets	154,639	170,750
Common shares issued for mineral property option	20,000	-

17. LOSS PER SHARE

Basic loss per common share has been calculated using the weighted average number of common shares outstanding in each respective period. As the issue of shares upon the exercise of stock options and warrants would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

18. COMMITMENTS

The Company has an obligation to expend $242,250 on qualified Canadian exploration expenditures related to a private placement from which flow-through shares were issued during the 2019 fiscal year. These funds must be fully expended on qualified Canadian exploration expenditures by December 31, 2020. The Company is in compliance with all mineral property obligations to the best of the Company's knowledge.