TSX: BAR
OTCQX: BALMF
BALMORAL
RESOURCES

(An Exploration Stage Company)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2019 and 2018

<u>Corporate Head Office</u>

1750-700 West Pender Street
Vancouver, British Columbia
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BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
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(Expressed in Canadian Dollars)

December 31, 2019 and 2018

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BALMORAL RESOURCES LTD.

Opinion

We have audited the consolidated financial statements of Balmoral Resources Ltd. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 27, 2020

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BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at December 31

	Notes	2019	2018
ASSETS			
Current assets			
Cash and cash equivalents		$ 8,984,807	$ 1,299,534
Accounts receivable		4,512	20,004
Input tax credits receivable		37,443	284,112
Refundable tax credit		-	1,586,817
Marketable securities	**6**	668,710	425,642
Prepaid expenses		142,426	156,332
		9,837,898	3,772,441
Property, plant and equipment		69,159	85,201
Right-of-use assets	**3**	581,890	-
Exploration and evaluation assets	**7**	68,557,998	66,048,305
		$ 79,046,945	$ 69,905,947
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**10**	$ 287,207	$ 274,623
Lease liabilities	**3**	193,625	-
Flow-through share premium liability	**11**	586,379	-
		1,067,211	274,623
Asset retirement obligation	**7(i)(a)**	100,000	100,000
Lease liabilities	**3**	398,587	-
Deferred income tax liability	**12**	9,503,971	9,733,839
		11,069,769	10,108,462
Shareholders' equity			
Capital stock	**8**	89,866,030	81,648,214
Deferred share units	**9**	55,000	-
Share-based compensation reserve		9,705,401	9,450,252
Warrant reserve		95,699	297
Deficit		(31,744,954)	(31,301,278)
		67,977,176	59,797,485
		$ 79,046,945	$ 69,905,947

Approved on behalf of the Directors:

"Bryan Disher" Director — *"Graeme Currie"* Director

Bryan Disher — Graeme Currie

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

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
Years Ended December 31

	Notes	2019	2018
EXPENSES			
Consulting fees	**10**	$ 93,000	$ 71,365
Depreciation	**3**	205,974	13,685
Filing and transfer agent's fees		131,944	96,745
Office and miscellaneous	**3**	81,000	327,667
Professional fees		219,563	219,151
Property evaluations		27,080	76,565
Salaries and benefits	**10**	681,446	996,187
Share-based compensation	**9, 10**	310,149	239,976
Shareholder communication		107,726	262,398
Travel and related costs		5,252	30,450
Loss before other items		(1,863,134)	(2,334,189)
Other items			
Interest income (expense)	**3**	(13,247)	74,706
Impairment of exploration and evaluation assets	**7(ii)**	-	(360,565)
Gain on sale of marketable securities	**6**	311,025	204,706
Fair value adjustment on marketable securities	**6**	373,004	(2,227)
Foreign exchange loss		(1,756)	(311)
Loss before income taxes		(1,194,108)	(2,417,880)
Deferred income tax recovery (expense)	**11, 12**	750,432	(183,813)
Net loss and comprehensive loss for the year		$ (443,676)	$ (2,601,693)
Basic and diluted loss per share		$ (0.00)	$ (0.02)
Weighted average number of common shares outstanding		151,410,565	138,530,995

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

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of shares	Capital stock	Deferred share units	Share-based compensation reserve	Warrant reserve	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
Balance, December 31, 2017	**138,510,776**	**$ 81,645,402**	$ -	**$ 9,210,276**	**$ 297**	**$ 193,286**	**$ (28,892,871)**	**$ 62,156,390**
Impact of adopting IFRS 9 on January 1, 2018	-	-	-	-	-	(193,286)	193,286	-
Balance, January 1, 2018	**138,510,776**	**81,645,402**	**-**	**9,210,276**	**297**	**-**	**(28,699,585)**	**62,156,390**
Shares issued for property acquisition (Notes 7(iii)(b) and 8(ii)(a))	60,000	9,000	-	-	-	-	-	9,000
Share issuance costs (Note 8)	-	(6,188)	-	-	-	-	-	(6,188)
Share-based compensation (Note 9)	-	-	-	239,976	-	-	-	239,976
Net loss for the year	-	-	-	-	-	-	(2,601,693)	(2,601,693)
Balance, December 31, 2018	**138,570,776**	**81,648,214**	**-**	**9,450,252**	**297**	**-**	**(31,301,278)**	**59,797,485**
Shares issued for cash:								
Private placements (Note 8)	39,211,896	10,177,201	-	-	-	-	-	10,177,201
Allocation of value to flow-through share premium	-	(1,106,943)	-	-	-	-	-	(1,106,943)
Allocation of proceeds to warrants	-	(46,806)	-	-	46,806	-	-	-
Shares issued for property acquisition (Notes 7(iii)(b) and 8(i)(c))	80,000	17,200	-	-	-	-	-	17,200
Share issuance costs (Note 8)	-	(822,836)	-	-	48,596	-	-	(774,240)
Share-based compensation (Note 9)	-	-	55,000	255,149	-	-	-	310,149
Net loss for the year	-	-	-	-	-	-	(443,676)	(443,676)
Balance, December 31, 2019	**177,862,672**	**$ 89,866,030**	**$ 55,000**	**$ 9,705,401**	**$ 95,699**	**$ -**	**$ (31,744,954)**	**$ 67,977,176**

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

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
Years Ended December 31

	Notes		2019		2018
OPERATING ACTIVITIES					
Net loss for the year		$	(443,676)	$	(2,601,693)
Items not affecting cash:					
Depreciation	**3**		205,974		13,685
Share-based compensation	**9**		310,149		239,976
Impairment of exploration and evaluation assets	**7(ii)**		-		360,565
Gain on sale of marketable securities			(311,025)		(204,706)
Fair value adjustment on marketable securities			(373,004)		2,227
Deferred income tax recovery			(750,432)		183,813
Changes in non-cash working capital items:					
Accounts receivable			2,692		(1,619)
Input tax credits receivable			246,669		(181,754)
Prepaid expenses			13,906		(5,398)
Accounts payable and accrued liabilities			160,204		(91,340)
Net cash used in operating activities			(938,543)		(2,286,244)
FINANCING ACTIVITIES					
Shares issued for cash	**8**		10,177,201		-
Share issuance costs	**8**		(774,240)		(6,188)
Lease liabilities payments			(179,610)		-
Net cash provided by (used in) financing activities			9,223,351		(6,188)
INVESTING ACTIVITIES					
Investment in, advances to and expenditures on exploration and evaluation assets	**7**		(1,040,496)		(6,206,110)
Cash received from sale of marketable securities, net of commissions	**6**		440,961		316,019
Purchase of property, plant and equipment			-		(49,182)
Net cash used in investing activities			(599,535)		(5,939,273)
Increase (decrease) in cash and cash equivalents			7,685,273		(8,231,705)
Cash and cash equivalents, beginning of the year			1,299,534		9,531,239
Cash and cash equivalents, end of the year		$	8,984,807	$	1,299,534
Cash and cash equivalents consist of the following:					
Cash		$	4,593,104	$	195,788
Term deposits			4,391,703		1,103,746
		$	8,984,807	$	1,299,534
Supplemental cash flow information					
Accounts receivable related to exploration and evaluation assets		$	-	$	12,800
Accounts payable related to exploration and evaluation assets		$	67,712	$	215,332
Refundable tax credit for exploration and evaluation assets		$	-	$	(1,586,817)
Marketable securities received for property option	**6(d), 7(i)(a)**	$	-	$	183,954
Shares issued for property option payments	**7(iii)(b), 8**	$	17,200	$	9,000
Agents' warrants issued for finder's fees	**8**	$	48,596	$	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Balmoral Resources Ltd. (the "Company" or "Balmoral") is incorporated under the laws of British Columbia, Canada, and is primarily engaged in the acquisition and exploration of mineral properties. The address of its head office is 1750 – 700 West Pender Street, Vancouver, British Columbia, Canada V6C 1G8. The Company is a publicly-traded company listed on the Toronto Stock Exchange ("TSX") under the symbol "BAR", on the OTCQX market in the United States under the symbol "BALMF" and on the Frankfurt Stock Exchange under the symbol "BOR".

Balmoral is an exploration stage company focused on the acquisition and exploration of gold and base metal properties in Canada. The principal focus of the Company's exploration activities are the properties comprising its Detour Gold Trend Project in Quebec.

The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts capitalized as exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and future profitable production or proceeds from the disposition of the properties.

The Company does not generate cash flows from operations to fund its activities, and therefore relies principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. Subsequent to the year end, the Company entered into plan of arrangement whereby, subject to the approval of the Company's shareholders, the Company will be acquired by Wallbridge Mining Company Limited (Note 13(d)). In the interim, the Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. On March 24, 2020, following orders from the Governments of Quebec and Ontario, the Company suspended until further notice its exploration activities in both provinces. There can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce resource prices, share prices and financial liquidity and thereby severely limit the financing capital available in the mineral exploration sector.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Although these consolidated financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's business, results of operations and financial condition.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies, methods of computation and presentation applied in these consolidated financial statements have been consistently applied in each of the periods presented, with the exception of the adoption of *IFRS 16 – Leases*. The Board of Directors approved the financial statements on March 27, 2020.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 1177712 B.C. Ltd. All intercompany balances and transactions have been eliminated upon consolidation.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on deposit at financial institutions and highly liquid investments with original maturities of one year or less from the date of purchase that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

(d) Property, plant and equipment

Recognition and measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including directly attributable borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability, if any, is recognized within provisions.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment (Continued)

Depreciation

Depreciation is recognized in profit or loss on a declining-balance basis at the following annual rates:

Office equipment	20%
Vehicle	20%
Computer equipment	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

Leases

The Company adopted *IFRS 16 – Leases*, on January 1, 2019, using the modified retrospective approach. The impact of adopting IFRS 16 is set out in Note 3.

(e) Mineral exploration and evaluation expenditures

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and camp costs during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will farm-out a part of a mineral interest as consideration for an agreement by the farmee to make certain payments to the Company and meet certain exploration and evaluation expenditures, which would have otherwise been undertaken by the Company. The Company uses the carrying amount of the interest before the farm-out as the carrying amount for the portion of the interest retained. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the cost previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for in profit or loss.

When a project is deemed to no longer have commercially viable prospects for the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Mineral exploration and evaluation expenditures (Continued)

Exploration and evaluation assets (Continued)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. The Company does not currently have any “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has not commenced commercial operations, any incidental revenues, including receipt of input tax credit receivables, earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(f) Provisions for environmental rehabilitation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. The liability is recognized at the time environmental disturbance occurs and the resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows based on engineering and environmental reports prepared by third-party industry specialists and/or internal expertise and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Additional disturbances and changes in closure and reclamation estimates are accounted for as incurred with a change in the corresponding capitalized cost. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred.

(g) Mining and exploration tax recoverable

The Company recognizes mining and exploration tax recoveries in the period in which the related qualifying resource expenditures are incurred. The amount recoverable is subject to review and approval by the taxation authorities and is adjusted for in the period when such approval is confirmed.

(h) Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income (loss), except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Income taxes (Continued)

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current and deferred income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(i) Capital stock

The proceeds from the exercise of stock options and warrants and the cost initially recognized on their issuance are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

Commissions paid to agents, and other related share issuance costs, such as legal and printing, on the issue of the Company's shares are charged directly to capital stock.

Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to common shares issued in the private placements at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded in shareholders' equity.

Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) fair value of capital stock issued, based on market price at time of issuance, and ii) the residual as a flow-through share premium, which is recognized as a liability. On issuance of a flow-through unit, the Company allocates the flow-through unit into i) fair value of capital stock issued, based on market price at time of issuance, ii) estimated fair value of a warrant, and iii) the residual as a flow-through share premium, which is recognized as a liability. Upon qualifying expenses being incurred the Company derecognizes the liability and recognizes a credit to deferred tax expense.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Capital stock (Continued)

Flow-through shares (Continued)

The Company is required to spend the proceeds received from the issuance of flow-through shares on Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a liability until paid.

(j) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(k) Share-based compensation

Stock options

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period using the graded vesting method. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares or are directly related to the acquisition of an exploration and evaluation asset. Amounts related to the issuance of shares are recorded as a reduction of capital stock, whereas amounts directly related to the acquisition of an exploration and evaluation asset are capitalized as a component of the asset cost.

When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model, the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Share-based compensation (Continued)

Stock options (Continued)

All equity-settled share-based compensation are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the associated amount reflected in reserves is credited to capital stock and adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation or settlement as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the revised vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Deferred Share Units

The Company's Deferred Share Unit Plan (the "DSU Plan") became effective during the year ended December 31, 2019 (Note 9). As the DSU Plan is an equity-settled plan, the fair value of all units issued under the DSU Plan are recorded as share-based compensation on the date of grant with a corresponding increase in shareholders' equity and all outstanding DSUs are included in the weighted average number of common shares outstanding during the period when calculating earnings (loss) per share.

(l) Financial instruments

Financial assets

The Company measures its financial assets in the following categories: amortized cost, or fair value through profit or loss. The measurement depends on the purpose for which the financial assets were acquired. Management determines the measurement of financial assets at recognition.

Financial assets at amortized cost

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Financial assets in this category include accounts receivable.

Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortized cost are measured at FVTPL. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVTPL. The Company has no designated hedges. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in profit or loss for the period. Marketable securities, and cash and cash equivalents are included in this category of financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and financial liabilities at fair value through profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Other financial liabilities include accounts payable and accrued liabilities.

Financial liabilities at fair value through profit or loss

This category is comprised of derivative financial liabilities. Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit or loss.

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs for the asset or liability that are not based upon observable market data.

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND AMENDMENTS

IFRS 16 – Leases (“IFRS 16”)

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single accounting model, requiring the recognition of assets and liabilities for all major leases previously classified as “operational leases” under the principles of IAS 17 – *Leases*, and related interpretations.

(a) The Company’s accounting policy under IFRS 16

Definition of a lease

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

As a lessee

The Company leases its head office space, based on lease agreement having a fixed duration until January 30, 2023 and a Quebec warehouse space, based on lease agreement having a fixed duration until November 30, 2020.

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, based on the initial amount of the lease liability. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically adjusted for certain remeasurements of the lease liability.

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.

The ongoing lease liability is measured at amortized cost using the effective interest method. It is measured when there is a change in future lease payments, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Expressed in Canadian Dollars)

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND AMENDMENTS (Continued)

IFRS 16 – Leases (Continued)

(b) Impact of transition to IFRS 16

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. The cumulative effect of initial application is recognized in deficit at January 1, 2019. Comparative amounts for 2018 remain as previously reported under IAS 17 and related interpretations.

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease receivables and/or lease liabilities. Lease receivables and liabilities have been measured by discounting future lease payments at the incremental borrowing rate at January 1, 2019. The incremental borrowing rate applied was 10% per annum and represents the Company's best estimate of the rate of interest that it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment. As of the initial date of application of IFRS 16, the remaining non-cancelable period of the office lease was four years and one month and the warehouse lease was one year and eleven months.

The Company has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application and leases of low value assets as short-term leases. The lease payments associated with these leases are recognized as expenses on a straight-line basis over the lease term.

The Company has also elected to apply the practical expedient for excluding the initial direct costs for the measurement of right-of-use assets at the date of initial application, as well as for using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The application of IFRS 16 to leases previously classified as operating leases under IAS 17, resulted in the recognition of right-of-use assets and lease liabilities as at January 1, 2019 as summarized in the following table:

	January 1, 2019 prior to adoption of IFRS 16	Adjustments	January 1, 2019 after adoption of IFRS 16
Non-current assets:			
Right-of-use assets	$ -	$ 771,821	$ 771,821
Current liabilities			
Lease liabilities	$ -	$ 179,609	$ 179,609
Non-current liabilities			
Lease liabilities	$ -	$ 592,212	$ 592,212

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Assumptions used in the calculation of the fair value assigned to share-based compensation and derivative investments

The Black-Scholes option pricing models require the input of subjective assumptions, including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and therefore the share-based compensation expense recorded and the Company's equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

Provisions for environmental rehabilitation

The Company assesses its provisions for environmental rehabilitation on an annual basis or when new material information becomes available. Provisions for environmental rehabilitation require management to make estimates of the future costs of the work required to comply with legal or constructive obligations. Actual costs incurred may differ from the amounts estimated. Future changes to environmental laws and regulations could change the extent of work required to be performed, which could materially impact the amounts provided for environmental rehabilitation.

Leases

Management uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location. “

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical accounting judgments

Critical accounting judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Refundable tax credits and flow-through expenditures

The Company is entitled to refundable tax credits and tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether expenditures are eligible for claiming such credits.

The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Management's judgment is applied in determining whether qualified expenditures have been incurred. Differences in judgment between management and regulatory authorities could materially decrease refundable tax credits, increase the flow-through premium liability and flow-through expenditure commitment.

Evaluation of the nature of interests in undivided assets

Management has determined that the contractual arrangement with GTA Financecorp Inc. ("GTA") discussed in Note 7(iii)(a) does not meet the definition of a joint operation under IFRS 11 *Joint Arrangements,* as the Company and GTA do not share joint control. However, as the Company retains a 44% undivided interest in the Northshore Property, the Company has accounted for this interest by recognizing its share of the assets, liabilities and expenditures under the arrangement.

Valuation of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets and expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of its property interests will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks, which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies and there is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical accounting judgments (Continued)

Leases

Management applies judgement in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options.

5. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to manage its capital to be able to sustain the future development of the Company's business. The Company currently has no source of revenues, and therefore, is dependent upon external financings to fund activities. In order to carry future projects and pay administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2019. The Company is not subject to externally imposed capital requirements.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as all amounts are held at a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure is as follows:

	2019	2018
Cash and cash equivalents	$ 8,984,807	$ 1,299,534
Accounts receivable	$ 4,512	$ 20,004

The credit risk associated with cash and cash equivalents is minimized by ensuring it is placed with a major Canadian financial institution with a strong investment-grade rating issued by a primary ratings agency.

(Expressed in Canadian Dollars)

5. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company's approach to managing liquidity risk is to maintain sufficient cash balances to meet its liabilities and commitments when due. The Company manages its liquidity by raising financing in advance of committing to the cash outflows required for operations and approved exploration and evaluation activities. Management and the Board of Directors are actively involved in the planning and approval of expenditure plans and other commitments. As at December 31, 2019, the Company had $8,984,807 of cash and cash equivalents on hand to settle $287,207 in accounts payable and accrued liabilities. The Company's accounts payable and accrued liabilities are payable within a period of three months.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

i. Interest rate risk

The Company's cash and cash equivalents consist of cash held in bank accounts and term deposits. Due to the short-term nature of the term deposits, fluctuations in market rates do not have a significant impact on their estimated fair value as of December 31, 2019, and accordingly the Company is not subject to material interest rate risk. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

ii. Foreign currency risk

The Company and its subsidiary's presentation and functional currency is the Canadian Dollar. As at December 31, 2019, the Company is not exposed to material foreign currency risk.

iii. Fair value of financial instruments

The carrying values of accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these financial instruments.

Assets and liabilities measured at fair value at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 8,984,807	-	-	$ 8,984,807
Marketable securities	$ 668,710	-	-	$ 668,710

(Expressed in Canadian Dollars)

5. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (Continued)

iii. Fair value of financial instruments (Continued)

Assets and liabilities measured at fair value at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,299,534	-	-	$ 1,299,534
Marketable securities	$ 425,642	-	-	$ 425,642

iv. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, or foreign currency risk.

The Company is exposed to other price risk related to the fluctuation in the market price of its marketable securities. The Company's marketable securities are carried at market value and are directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests a 10% change in the market prices would not have a material effect on net income (loss) and comprehensive income (loss).

6. MARKETABLE SECURITIES

(a) GTA Financecorp Inc. (formerly GTA Resources and Mining Inc.)

As at December 31, 2018 the Company held 2,601,555 common shares of GTA with a fair value of $39,024. On January 7, 2019, GTA consolidated its shares on a 1-new-for-50-old basis so that the Company then held 52,031 common shares of GTA.

On March 19, 2019, GTA announced that it had closed on the previously announced sale of all of its mining assets to CBLT Inc. ("CBLT") in consideration of the issuance of 21 million Units of CBLT (Note 6(d)). The CBLT Units were distributed rateably to the GTA shareholders. The Company received 1,066,068 CBLT Units valued at $0.05 per unit. The carrying value of the GTA shares immediately prior to the distribution was $39,024, and the fair value of the GTA shares and CBLT Units following the distribution were $1,172 and $53,303, respectively, resulting in an unrealized gain from the distribution of $15,451, which was recorded through profit and loss.

On October 21, 2019, GTA announced a definitive merger agreement with GameWorks through a reverse merger transaction and change of business from resources to gaming exports. As at September 30, 2019 the Company was unable to determine whether the new GameWorks business has any value and therefore the Company impaired the carrying value of the common shares of GTA to $nil. The fair value adjustment and impairment on the GTA shares resulted in an unrealized loss of $1,171 for the year ended December 31, 2019, which was recorded through profit and loss.

6. MARKETABLE SECURITIES (Continued)

(b) Wallbridge Mining Company Limited

As at January 1, 2018 the Company owned 2,381,575 shares of Wallbridge Mining Company Limited ("Wallbridge") with a fair value of $238,158. During the year ended December 31, 2018, the Company sold 1,325,500 of these shares for an average price of $0.24 per share for gross proceeds of $319,169, less commissions of $3,150, and realized a gain of $204,706. As at December 31, 2018 the Company held 1,056,075 common shares of Wallbridge with a fair value of $168,971. The fair value adjustments on these securities was an unrealized gain of $42,126, which was recorded through profit and loss.

During the year ended December 31, 2019, the Company sold the remaining 1,056,075 common shares of Wallbridge it held at December 31, 2018 for an average price of $0.29 per share for gross proceeds of $308,369, less commissions of $2,990, and realized a gain of $216,692. The fair value adjustment on these securities was an unrealized loss of $80,285 for the year ended December 31, 2019, which were recorded through profit and loss.

(c) Ely Gold Royalties Inc.

On October 31, 2018, the Company received 1,000,000 common shares and 1,000,000 common share purchase warrants (the "Ely Warrants") of Ely Gold Royalties Inc. ("Ely Gold") with a fair value on that date of $125,000 and $58,954, respectively, as part of the payment under an agreement to sell the Company's 1% NSR royalty on the Fenelon Mine property in Quebec ((Note 7(i)(a)). The Company classified the common shares as fair value through profit or loss. As at December 31, 2019, the Company held 670,000 common shares of Ely Gold with a fair value of $308,200 (2018 – 1,000,000 common shares of Ely Gold with a fair value of $145,000). During the year ended December 31, 2019, the Company sold 330,000 common shares of Ely Gold for an average price of $0.42 per share for gross proceeds of $137,175, less commissions of $1,592, and realized a gain of $94,333. The unrealized gain of $204,450 for the year ended December 31, 2019, were recorded through profit and loss.

The Ely Warrants allow the Company to acquire 1,000,000 common shares of Ely Gold at $0.10 per share until April 30, 2020. These Ely Warrants were considered to be derivative investments and were therefore classified as fair value through profit or loss. As at December 31, 2019, the fair value of the Ely Warrants was $360,510 (2018 - $72,647). The fair value gain of $287,862 for the year ended December 31, 2019 was recorded through profit and loss.

On January 23, 2020, the Company exercised all the Ely Warrants to acquire 1,000,000 common shares of Ely Gold at $0.10 per share. Subsequent to December 31, 2019, the Company sold an additional 950,000 common shares of Ely Gold for an average price of $0.71 per share for gross proceeds of $674,020 less commissions of $7,344, and a realized gain of $560,926.

(d) CBLT

As the result of GTA's sale of its mining assets to CBLT (Note 6(a)), on March 18, 2019 the Company received 1,066,068 CBLT Units valued at $0.05 per unit for total fair value of $53,303. Each CBLT Unit consists of one common share and one common share purchase warrant. The Company classified the Units as fair value through profit or loss.

6. MARKETABLE SECURITIES (Continued)

(d) CBLT (Continued)

On October 1, 2019, CBLT provided notice of default as a result of failing to file its audited annual financial statements and management discussion and analysis for the year ended May 31, 2019 by the prescribed deadline of September 30, 2019 and as such, the Company believes that its investments in the CBLT Units should be impaired as at September 30, 2019 and therefore the Company has written down the carrying value of the CBLT Units as at December 31, 2019 to $nil.

The unrealized loss from fair value adjustment and impairment of CBLT Units of $53,303 during the year ended December 31, 2019 was recorded through profit and loss.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

	Fenelon (Note 7(i)(a))	**N2** (Note 7(ii)(a))	**Martiniere** (Note 7(i)(a))	**Detour East** (Note 7(i)(b))	**Grasset** (Note 7(i)(c))	**Ontario Properties** (Note 7(iii))	**Others** (Notes 7(ii)(b) & 7(ii)(c))	**Total**
Balance, December 31, 2017	$ 2,115,212	$ 1,460,408	$ 36,423,019	$ 5,175,839	$ 14,786,331	$ 406,510	$ 1,239,376	$ 61,606,695
Acquisition costs								
Cash payments	-	-	-	8,608	-	54,650	10,611	73,869
Share issuances	-	-	-	-	-	9,000	-	9,000
Total acquisition costs	-	-	-	8,608	-	63,650	10,611	82,869
Deferred exploration costs:								
Assays	-	-	85,973	-	-	-	-	85,973
Claims management	1,088	1,088	1,068	1,088	1,088	2,143	7,091	14,654
Community Relations	-	-	-	-	2,083	2,083	2,084	6,250
Drilling	855,213	18,486	2,230,320	563,338	1,086,341	1,966	202,984	4,958,648
Engineering	-	-	7,250	-	-	-	-	7,250
Geochemistry	-	-	23,349	-	-	522	-	23,871
Geology	9,115	-	111,415	4,722	-	1,731	6,290	133,273
Geophysics	41,631	71,081	90,585	1,772	50,048	137,764	1,031,980	1,424,861
Maps and data	-	-	536	-	-	-	500	1,036
Project management	7,089	29	61,107	29	13,994	116	364	82,728
Property payments	-	841	9,121	8,497	4,550	(454)	29,846	52,401
Total deferred exploration costs	914,136	91,525	2,620,724	579,446	1,158,104	145,871	1,281,139	6,790,945
Total expenditures for the year	914,136	91,525	2,620,724	588,054	1,158,104	209,521	1,291,750	6,873,814
Cost recoveries	(722,138)	-	-	-	-	-	-	(722,138)
Mining tax credits	(32,694)	(3,268)	(1,068,222)	(120,753)	(115,801)	-	(8,763)	(1,349,501)
Impairment of exploration and evaluation assets	-	-	-	-	-	-	(360,565)	(360,565)
Balance, December 31, 2018	$ 2,274,516	$ 1,548,665	$ 37,975,521	$ 5,643,140	$ 15,828,634	$ 616,031	$ 2,161,798	$ 66,048,305

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

	Fenelon (Note 7(i)(a))	N2 (Note 7(ii)(a))	Martiniere (Note 7(i)(a))	Detour East (Note 7(i)(b))	Grasset (Note 7(i)(c))	Ontario Properties (Note 7(iii))	Others (Note 7(ii)(b) & 7(ii)(c))	Total
Balance, December 31, 2018	$ 2,274,516	$ 1,548,665	$ 37,975,521	$ 5,643,140	$ 15,828,634	$ 616,031	$ 2,161,798	$ 66,048,305
Acquisition costs:								
Cash payments	979	-	-	4,437	-	30,000	2,284	37,700
Share issuances	-	-	-	-	-	17,200	-	17,200
Total acquisition costs	979	-	-	4,437	-	47,200	2,284	54,900
Deferred exploration costs:								
Claims management	2,305	1,114	1,166	1,166	1,114	4,456	5,571	16,892
Community Relations	-	-	-	-	-	6,000	-	6,000
Drilling	1,579,596	309	87,970	17,639	64,759	3,292	23,386	1,776,951
Engineering	-	-	-	-	-	-	-	-
Geochemistry	75	-	5,693	-	-	-	28,319	34,087
Geology	3,953	5,326	10,522	-	604	1,416	128,506	150,327
Geophysics	144,142	1,630	978	-	-	219,380	10,630	376,760
Maps and data	12,985	8,139	-	8,033	-	15,691	-	44,848
Project management	3,324	1,919	37,500	1,918	3,906	7,675	9,636	65,878
Property payments	6,453	-	4,437	19,951	13,948	-	19,228	64,017
Total deferred exploration costs	1,752,833	18,437	148,266	48,707	84,331	257,910	225,276	2,535,760
Total expenditures for the year	1,753,812	18,437	148,266	53,144	84,331	305,110	227,560	2,590,660
Cost recoveries	(84,000)	-	-	-	-	-	-	(84,000)
Mining tax credits	45	6	2,410	386	169	-	17	3,033
Balance, December 31, 2019	$ 3,944,373	$ 1,567,108	$ 38,126,197	$ 5,696,670	$ 15,913,134	$ 921,141	$ 2,389,375	$ 68,557,998

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(i). Detour Gold Trend Project, Quebec

(a) Fenelon and Martiniere, Quebec

The Company owns 100% interests in each of the Fenelon and Martiniere properties.

There are certain net smelter return ("NSR") royalties on the properties in favour of former property owners and payable on commencement of commercial production: 2% on the majority of the Martiniere property and between 1% and 1.6% for portions of the Fenelon Property, the latter royalties having been reduced as a result of the Company's re-acquisition of a 2% NSR interest pertaining to certain claims within the Fenelon Property. Buyout provisions exist for certain portions of these royalties.

On October 10, 2018, the Company sold the 1% NSR royalty it held on the adjacent Fenelon Mine property to Ely Gold in exchange for $500,000 plus 1,000,000 common shares and 1,000,000 common share purchase warrants of Ely Gold (Note 6(c)). In connection with the sale, the Company paid legal fees of $21,026.

The Company recovered $84,000 from Wallbridge for the rental of the camp and storage at Fenelon during the year ended December 31, 2019.

As at December 31, 2019, the Company estimates that the fair value of the asset retirement liability for its potential share of the environmental rehabilitation is $50,000 for the Fenelon camp site and $50,000 for Martiniere (December 31, 2018 - $50,000 for Fenelon and $50,000 for Martiniere). The fair value of the liability was determined to be equal to the estimated reclamation costs which would be the responsibility of the Company. Due to the early stage of the Company's projects, and that extractive activities have not yet begun, the Company is unable to predict with any precision the timing of the cash flow related to the reclamation activities.

(b) Detour East, Quebec

The Company owns a 100% interest in the Detour East Property, except for 18 claims, which are in a 63%/37% participatory joint venture with Encana Corp. and for which the Company is the operator.

There is a NSR royalty of 2%, which relates to the entirety of the property, payable to a former property owner, which may be repurchased at any time for $1,000,000 for the first 50% of the NSR interest and $2,000,000 for the remainder.

(c) Grasset, Quebec

The Company owns a 100% interest in the Grasset Property acquired through staking. The Grasset property is located immediately east of and adjoins the Fenelon Property. There are no underlying royalties on the Grasset Property.

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(ii). Other Quebec Properties

(a) N2, Quebec

The Company owns a 100% interest in the N2 property.

There are NSR royalties of 1% to 5% on the property in favour of former property owners and payable on commencement of commercial production. Buyout provisions exist for certain portions of these royalties.

(b) Hwy 810

The Company owns a 100% interest in the Hwy 810 Property, which is located proximal to the producing Casa Berardi gold mine approximately 70 kilometres south of the Detour Gold Trend Project. The property was acquired by staking and there are no royalties or other encumbrances on the property. The Hwy 810 property hosts both gold and base metal targets.

(c) RUM

The Company owns a 100% interest in six properties in the Lac Rocher Nickel District in Quebec (the “RUM” properties). The RUM properties cover mafic/ultramafic intrusions of the Lac Rocher suite and are being explored for their nickel-copper-cobalt-PGE potential. The RUM Properties were acquired by staking and thus there are no royalties payable or third-party encumbrances.

Also included in Other Quebec Properties are the Harri, Nantel, and Jeremie properties, which were acquired by staking, which the Company owns a 100% interest in and which are all part of the Detour Gold Trend Project.

During the year ended December 31, 2018, the Company recorded an impairment of $360,565, determined in accordance with Level 3 of the fair value hierarchy, related to the Doigt property ($307,655) and the Lac Fleuri Property ($52,910), both of which are included in the Other Quebec Properties.

(iii). Ontario, Properties

(a) Northshore, Ontario

As at December 31, 2019, the Company owns approximately a 44% interest in the Northshore Property along with a similar interest in certain surface rights attached to the property. The Northshore Property mineral rights are underlain by a sliding-scale NSR royalty to a third-party, which is adjusted to the contained number of ounces of gold outlined in a pre-production resource estimate.

On July 24, 2011, the Company and GTA entered into an option agreement (the “Option Agreement”) whereby GTA was granted the exclusive right to acquire up to a 70% interest in the Northshore Property.

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(iii). Ontario, Properties (Continued)

(a) Northshore, Ontario (Continued)

On July 14, 2014, GTA delivered a first option vesting notice to the Company and subsequently advised the Company that it would not be proceeding with a second option, which had been granted under the terms of the Option Agreement. Consequently a 51%/49% participatory contractual arrangement (joint venture) was formed with respect to the Northshore Property with GTA as the majority holder and project operator.

In March of 2019 GTA sold its mineral property holdings to CBLT Inc., a Company with the same management as GTA, such that the current property interests are approximately 56% to CBLT and 44% to Balmoral.

(b) Gargoyle, Goblin and Ghost, Ontario

On August 31, 2018, the Company entered into an Option Agreement (the "Gargoyle Agreement") to acquire a 100% interest in the Gargoyle Property in Ontario which it can exercise by making cash and share payments of $140,000 and issuing 390,000 common shares, at its option, as outlined below:

- Within 10 days of the approval of the Gargoyle Agreement by the TSX $20,000 and 60,000 common shares (paid and issued) (Note 8(ii)(a))
- August 31, 2019: $30,000 and 80,000 common shares (paid and issued) (Note 8(i)(c))
- August 31, 2020: $40,000 and 100,000 common shares
- August 31, 2021: $50,000 and 150,000 common shares

The Company may accelerate the payment schedule. Upon full payment of the cash and shares set out above, the Company will grant a 2% NSR royalty to the vendor, half of which the Company may repurchase at any time for $1,000,000. The Company also has a right of first refusal on the sale of the remaining NSR interest.

During the year ended December 31, 2018, the Company expanded the Gargoyle Property by staking another 697 claims and acquiring two new properties nearby, Goblin and Ghost. Each of the properties was acquired for its nickel-copper-cobalt-PGE potential. Neither the Goblin or Ghost properties are subject to the terms and conditions of the Gargoyle Agreement and thus are 100% owned by the Company and free of royalty interests.

8. CAPITAL STOCK

(a) Common shares

Authorized

An unlimited number of common shares without par value.

8. CAPITAL STOCK (Continued)

(a) Common shares (Continued)

Share issuances

(i) During the year ended December 31, 2019:

(a) On March 15, 2019, the Company closed the first tranche of its non-brokered private placement and raised gross proceeds of $1,486,404 through the issuance of 7,823,180 flow-through common shares at a price of $0.19 per flow-through common share and gross proceeds of $304,500 from the issuance of 2,174,999 units at a price of $0.14 per unit. Each unit consists of one non-flow-through common share and one-half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.25 until September 15, 2020.

In consideration of the finders' services, the Company paid cash commission of $73,370 and issued 386,158 warrants. Each warrant entitles the finder to purchase one common share of the Company at a price of $0.25 until September 15, 2020. Using the Black-Scholes option pricing model, these warrants had a fair value of $10,373, or $0.027 per warrant. In connection with the financing, the Company paid $80,343 in share issuance costs.

(b) On April 11, 2019, the Company closed the second and final tranche of its non-brokered private placement and raised gross proceeds of $340,600 through the issuance of 2,432,856 units at a price of $0.14 per unit. Each unit consists of one non-flow-through common share and one-half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.25 until October 11, 2020.

In connection with the financing, the Company paid an additional $45,151 in share issuance costs.

(c) On August 13, 2019, the Company issued 80,000 common shares at a fair value of $0.215 per common share pursuant to the Gargoyle Agreement (Note 7(iii)(b)). In connection with the issuance of common shares, the Company paid $6,818 in share issuance costs.

(d) On October 25, 2019, the Company closed the first tranche of a non-brokered private placement and issued 7,173,913 Quebec flow-through common shares (the "Quebec Flow-Through Shares") at a price of $0.23 per Quebec Flow-Through Share for gross proceeds of $1,650,000 and 1,315,790 National flow-through common shares (the "National Flow-Through Shares") at a price of $0.19 per National Flow-Through Share for gross proceeds of $250,000.

8. CAPITAL STOCK (Continued)

(a) Common shares (Continued)

Share issuances (Continued)

(i) During the year ended December 31, 2019: (Continued)

(e) On November 8, 2019, the Company closed the second tranche of the non-brokered private placement and issued 9,361,158 units (the "Units"), at a price of $0.17 per Unit for gross proceeds of $1,591,397, where each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.30 until May 8, 2021.

In consideration of their assistance with the Offering the Company paid finders fees totalling $171,595 and issued 875,041 common share purchase warrants. Each warrant entitles the finder to purchase one common share of the Company at a price of $0.30 for a period of 18 months from the date of closing of the tranche. Using the Black-Scholes option pricing model, these warrants had a fair value of $38,223, or $0.044 per warrant. The Company also paid $124,743 in legal and administration fees upon closing.

(f) On December 30, 2019, the Company closed a non-brokered private placement and issued 8,930,000 Quebec flow-through common shares at a price of $0.51 per Quebec Flow-Through Share for gross proceeds of $4,554,300.

In consideration of their assistance with the Offering the Company paid finders fees totalling $200,000 and $72,220 in legal and administration fees.

(ii) During the year ended December 31, 2018:

(a) On August 31, 2018, the Company issued 60,000 common shares at a fair value of $0.15 per common share pursuant to the Gargoyle Agreement (Note 7(iii)(b)). In connection with the issuance, the Company paid $6,188 in share issuance costs.

(b) Warrants

The following common share purchase warrants entitle the holders thereof to purchase one common share for each common share purchase warrant.

(Expressed in Canadian Dollars)

8. CAPITAL STOCK (Continued)

(b) Warrants (Continued)

	2019		2018	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of the year	-	$ -	-	$ -
Issued	8,245,702	$ 0.28	-	$ -
Balance, end of the year	8,245,702	$ 0.28	-	$ -

The weighted average remaining contractual life of warrants outstanding at December 31, 2019 was 1.15 years.

The expiry dates and exercise prices of the warrants are as follows:

	2019		2018	
Expiry date	Exercise price	Number of warrants	Exercise price	Number of warrants
September 15, 2020	$ 0.25	1,473,656	$ -	-
October 11, 2020	$ 0.25	1,216,427	$ -	-
April 25, 2021	$ 0.30	424,484	$ -	-
May 8, 2021	$ 0.30	5,131,135	$ -	-
		8,245,702		-

The Company uses the fair value method for determining fair value for all finders' warrants issued during the year. The fair value of finders' warrants was determined using the Black-Scholes option pricing model based on the following assumptions:

For the year ended December 31,	**2019**	**2018**
Risk-free interest rate	1.66%	N/A
Expected life of agent warrants and compensation warrants	1.5 years	N/A
Expected annualized volatility	84%	N/A
Expected dividend yield	0.0%	N/A
Forfeiture rate	0.0%	N/A

(Expressed in Canadian Dollars)

9. SHARE-BASED COMPENSATION

(a) Stock options

Stock option transactions are summarized as follows:

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of the year	10,515,000	$ 0.54	10,331,950	$ 0.74
Granted	4,545,000	$ 0.18	2,805,000	$ 0.18
Expired	(3,722,500)	$ (0.60)	(2,621,950)	$ (0.94)
Balance, end of the year	11,337,500	$ 0.38	10,515,000	$ 0.54

The weighted average remaining contractual life of options outstanding at December 31, 2019 was 3.18 (2018 – 2.47) years.

Stock options outstanding and exercisable are as follows:

	2019			2018		
Expiry date	Exercise price	Options outstanding	Options exercisable	Exercise price	Options outstanding	Options exercisable
January 23, 2019	-	-	-	$ 0.60	2,555,000	2,555,000
February 5, 2019	-	-	-	$ 0.61	300,000	300,000
December 23, 2019	-	-	-	$ 0.90	150,000	150,000
June 18, 2020	$ 0.77	360,000	360,000	$ 0.77	360,000	360,000
March 14, 2021	$ 0.60	1,490,000	1,490,000	$ 0.60	1,760,000	1,760,000
November 7, 2021	$ 0.90	175,000	175,000	$ 0.90	175,000	175,000
December 23, 2021	$ 0.70	350,000	350,000	$ 0.70	350,000	350,000
March 2, 2022	$ 0.78	1,812,500	1,812,500	$ 0.78	2,060,000	2,060,000
September 7, 2023	$ 0.18	2,605,000	2,605,000	$ 0.18	2,805,000	2,805,000
April 12, 2024	$ 0.18	4,545,000	4,545,000	-	-	-
		11,337,500	11,337,500		10,515,000	10,515,000

(b) Deferred share units

On June 21, 2019 the shareholders approved the establishment of the Deferred Share Unit ("DSU") Plan, which became effective on July 26, 2019. Under the DSU Plan, directors who are not employees of the Company or any affiliate may elect to receive some or all their annual cash remuneration in the form of DSUs. Each DSU entitles the director to receive payment after the end of the director's term in the form of one common share of the Company, therefore the DSU Plan is considered an equity-settled share-based compensation plan.

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS (Continued)

(b) Deferred share units (Continued)

The non-employee directors have elected to receive all their annual cash compensation for 2019 subsequent to the adoption of the DSU Plan in the form of DSUs. At the end of each quarter the Company issues to the directors the number of DSUs equal to the cash compensation foregone for the quarter calculated using the weighted average trading price of a common share of the Company for the last five trading days on the TSX. The Company recognizes share-based compensation equal to the amount of directors' fees settled in DSUs, and increases shareholders' equity by an equal amount.

The aggregate number of common shares issuable under this DSU Plan is 3,020,036 common shares. Certain insider restrictions and annual dollar limits per Eligible Director exist. Dividends, if any, otherwise payable on the common shares represented by the DSUs are converted into additional DSUs based on the fair market value on the date on which any such dividends would be paid.

Share-based compensation for DSUs issued for services provided for August to December 2019, the months following the date the DSU Plan became effective, totalled $55,000.

The following is a summary of the changes in the number of DSUs issued and outstanding:

	2019		2018	
	Number of units	Weighted fair value	Number of units	Weighted fair value
Balance, beginning of the year	-	$ -	-	$ -
Units issued	183,494	$ 0.50	-	$ -
Balance, end of the year	183,494	$ 0.50	-	$ -

(c) Share-based payments

Share-based compensation for stock options grants and DSUs issued for the year ended December 31, 2019 totalled $310,149 (2018 - $239,976). The weighted average fair value of stock options granted in 2019 was estimated at $0.06 (2018 - $0.09) at the grant date using the Black-Scholes option pricing model and the following assumptions:

For the year ended December 31,	2019	2018
Risk-free interest rate	1.64%	2.21%
Expected life of options	5 years	5 years
Expected annualized volatility	70%	69%
Expected dividend yield	0.0%	0.0%
Forfeiture rate	0.0%	0.0%
Share price	$0.18	$0.18

Expected volatility is based on historical price volatility over the expected life of the option.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES

During the years ended December 31, 2019 and 2018, the Company had the following transactions with related parties:

Key management compensation

Key management consists of senior officers and directors of the Company; their compensation is as follows:

	2019	2018
Short-term benefits (included in consulting fees and salaries and benefits and capitalized to mineral properties)*	$ 655,000	$ 1,086,047
Share-based compensation	151,573	153,140
	$ 806,573	$ 1,239,187

*Included in the table above are consulting fees of $68,000 (2018 - $67,225) paid to Blue Pegasus Consulting Inc, a company controlled by the CFO.

Transactions with other related parties

As at December 31, 2019, $13,970 (2018 - $4,570) is due to officers of the Company for reimbursement of expenses and is included in accounts payable and accrued liabilities. The amount is non-interest-bearing with no fixed terms of repayment.

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

The following is a continuity schedule of the liability portion of the Company's flow-through share issuances:

Balance, December 31, 2017	$ 1,074,335
Settlement of flow-through share liability on incurring expenditures	(1,074,335)
Balance, December 31, 2018	$ -
Liability incurred on flow-through shares issued March 15, 2019	469,391
Liability incurred on flow-through shares issued October 25, 2019	414,302
Liability incurred on flow-through shares issued December 30, 2019	223,250
Settlement of flow-through share liability on incurring expenditures	(520,564)
Balance, December 31, 2019	$ 586,379

(Expressed in Canadian Dollars)

11. FLOW-THROUGH SHARE PREMIUM LIABILITY (Continued)

During the year ended December 31, 2019, the Company incurred $1,704,382 of qualified flow-through funded exploration expenditure, which, subject to audit, fulfilled its commitment under the flow-through share financing on March 15, 2019 and partially fulfilled its commitment under the flow-through share financings on October 25, 2019. As at December 31, 2019, approximately $6,236,000 remains to be incurred on qualifying expenditures during the fiscal 2020. The Company intends to fulfill its flow-through commitments within the given time constraints.

In addition, the Company has provided an indemnification to subscribers of flow-through shares in an amount equal to the income tax that would be payable by subscribers in the event, and as a consequence, of the Company not incurring and renouncing qualifying CEE as required under the subscription agreement.

12. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2018 – 27.00%) to loss before income taxes. The reasons for the difference are as follows:

		2019		**2018**
Net loss	$	(443,676)	$	(2,601,693)
Statutory income tax rate		27.00%		27.00%
Expected income tax recovery		(119,793)		(702,457)
Items not deductible for tax purposes		(94)		63,738
Change in timing differences		(363,467)		17,231
Renunciation of resource expenditures on flow-through shares		461,821		1,478,095
Share issue cost		(209,045)		(1,671)
Change in fair value of marketable securities		50,356		(21,977)
Effect of change in tax rates		(3,110)		325,681
Under provided in prior years		13,724		97,331
Flow-through share premium		(520,564)		(1,074,335)
Unused tax losses and tax offsets not recognized		(60,260)		2,177
	$	(750,432)	$	183,813

The tax effected items that give rise to significant portions of the deferred income tax liability at December 31, 2019 and 2018 are presented below:

(Expressed in Canadian Dollars)

12. INCOME TAXES (Continued)

	2019	2018
Exploration and evaluation assets	$ (16,360,522)	$ (15,898,796)
Non-capital loss carry-forwards	6,383,641	5,881,964
Marketable securities	29,343	79,699
Property, plant and equipment	(142,327)	10,452
Flow-through premium	158,322	-
Lease liability	159,898	-
Share issuance costs	267,674	192,842
Deferred income tax liability	$ (9,503,971)	$ (9,733,839)

The Company recognizes deferred tax assets for tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income to utilize the amount. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2019	2018
Capital losses	$ -	$ 205,009
Non-refundable income tax credits	175,340	175,340
Donations	37,620	54,120
Unrecognized deferred tax assets	$ 212,960	$ 434,469

The Company's unused tax losses at December 31, 2019 have the following expiry dates:

2027	$ 291,000
2028	186,000
2029	155,000
2030	1,167,000
2031	1,873,000
2032	2,403,000
2033	2,466,000
2034	2,852,000
2035	2,577,000
2036	2,573,000
2037	2,691,000
2038	2,551,000
2039	1,858,000
	$ 23,643,000

13. SUBSEQUENT EVENTS

(a) On January 30, 2020, the Company granted incentive stock options to officers, directors, consultants and employees of the Company to purchase 3,075,000 common shares in the share capital of the Company. The options are exercisable on or before January 30, 2025 at a price of $0.47 per share.

(b) Subsequent to December 31, 2019, 540,000 stock options exercisable at a price of $0.18 per option were exercised for gross proceeds of $97,200.

(c) Subsequent to December 31, 2019, 170,369 share purchase warrants exercisable at a price of $0.25 per share purchase warrant was exercised for total gross proceeds of $42,592.

(d) On March 2, 2020, the Company and Wallbridge announced that they have entered into a definitive agreement whereby Wallbridge will acquire all of the issued and outstanding shares of the Company, in an all-stock transaction, pursuant to a plan of arrangement (the “Transaction”).

Under the terms of the Transaction, subject to the approval of the shareholders of the Company at a Special Meeting of the shareholders to be held on May 7, 2020 all of the issued and outstanding shares of the Company will be exchanged at a ratio of 0.71 of a Wallbridge common share for each 1.0 common share of the Company.