Pelangio Exploration Inc.

Consolidated Financial Statements

December 31, 2019 and 2018

Pelangio Exploration Inc.

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Independent Auditor's Report

To the Shareholders of Pelangio Exploration Inc.

Opinion

We have audited the consolidated financial statements of Pelangio Exploration Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2019 and, as of that date, had limited working capital. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

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

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

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

Responsibilities of management and those charged with governance for the 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.

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 cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the 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 risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

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

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

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

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

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

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 29, 2020

Pelangio Exploration Inc.

Consolidated Balance Sheets

Expressed in Canadian Dollars

As at,	December 31, 2019 $	December 31, 2018 $
Assets		
Current:		
Cash	392,267	1,014,968
Amounts receivable	37,252	12,641
Prepaid expenses	46,701	8,529
Marketable securities, *note 7*	153,919	123,672
Total current assets	630,139	1,159,810
Non-current assets:		
Equipment, *note 9*	17,178	23,822
Total Assets	**647,317**	**1,183,632**
Liabilities		
Current:		
Accounts payable and accrued liabilities, *note 12*	573,085	652,923
Share subscriptions, *note 10*	-	16,755
Income tax payable	-	1,346
Flow-through share liability, *note 10*	-	6,658
Total current liabilities	573,085	677,682
Total Liabilities	573,085	677,682
Shareholders' Equity		
Issued capital, *note 10*	55,271,909	54,497,296
Equity reserves, *note 11*	1,413,093	1,292,694
Deficit	(56,610,770)	(55,284,040)
Total Shareholder's Equity	74,232	505,950
Total Liabilities and Shareholder's Equity	**647,317**	**1,183,632**

Going concern, commitments and contingencies, *notes 1, 8 and 13*

Subsequent events, *note 16*

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

"Ingrid Hibbard" Director

"Carl Nurmi" Director

Pelangio Exploration Inc.

Consolidated Statements of Changes in Equity

Expressed in Canadian Dollars

	Shares \#	Share Capital $	Equity reserves $	Deficit $	Total equity $
December 31, 2017	25,761,833	53,215,915	712,719	(53,921,488)	7,146
Expiry of options	-	-	(20,441)	20,441	-
Shares issued for acquisition of 2522962 Ontario Inc.	4,597,094	643,593	-	-	643,593
Shares owned by 2522962 Ontario Inc. cancelled on purchase	(110,000)	(14,000)	-	-	(14,000)
Shares issued for consulting and advisory services	200,000	100,000	-	-	100,000
Non-brokered private placement, net of issuance costs	4,550,000	1,033,497	-	-	1,033,497
Valuation of warrants issued in private placement	-	(554,323)	554,323	-	-
Flow-through shares issued, net of issuance costs	280,000	46,368	-	-	46,368
Valuation of warrants issued in flow-through shares	-	(2,854)	2,854	-	-
Flow-through share liability	-	(8,400)	-	-	(8,400)
Shares issued for property	200,000	37,500	-	-	37,500
Share based payments	-	-	43,239	-	43,239
Loss for the year	-	-	-	(1,382,993)	(1,382,993)
December 31, 2018	35,478,927	54,497,296	1,292,694	(55,284,040)	505,950
Expiry of options	-	-	(66,000)	66,000	-
Non-brokered private placement, net of issuance costs	2,800,000	346,134	-	-	346,134
Valuation of warrants issued in private placement	-	(130,870)	130,870	-	-
Flow-through shares issued, net of issuance costs	3,066,038	496,679	-	-	496,679
Flow-through share liability	-	(2,830)	-	-	(2,830)
Shares issued for property	290,000	65,500	-	-	65,500
Share based payments	-	-	55,529	-	55,529
Loss for the year	-	-	-	(1,392,730)	(1,392,730)
Balance at December 31, 2019	**41,634,965**	**55,271,909**	**1,413,093**	**(56,610,770)**	**74,232**

See accompanying notes to the consolidated financial statements.

Pelangio Exploration Inc.

Consolidated Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

For the years ended December 31,	2019 $	2018 $
Expenses:		
Salaries and employee benefits	83,782	53,106
Consulting services, *note 12*	380,237	327,002
Exploration and evaluation expenses, *note 8*	630,420	469,057
Foreign exchange loss	10,135	12,759
General exploration	-	68,387
Insurance	21,902	17,059
Investor relations	131,643	101,929
Office and general	61,448	53,559
Professional fees, *note 12*	120,585	180,205
Share-based payments, *note 11*	55,529	43,239
Transfer agent and filing fees	25,395	57,552
Travel	754	-
Amortization, *note 9*	5,806	8,295
Total expenses	**1,527,636**	**1,392,149**
Loss before other items	**(1,527,636)**	**(1,392,149)**
Other items:		
Property option, *note 8*	51,000	-
Realized gain on disposal of marketable securities, *note 7*	94,349	-
Interest revenue	6,795	812
Management fee	-	14,260
Unrealized loss on marketable securities, *note 7*	(25,888)	(7,658)
Flow-through share premium income, *note 10*	9,489	1,742
Loss on disposal of equipment	(839)	-
Total other items	**134,906**	**9,156**
Net loss and comprehensive loss for the year	**(1,392,730)**	**(1,382,993)**
Net loss per common share:		
- basic	(0.04)	(0.05)
- diluted	(0.04)	(0.05)
Weighted average number of common shares outstanding:		
- basic	**38,732,173**	**27,699,247**
- diluted	**38,732,173**	**27,699,247**

See accompanying notes to the consolidated financial statements.

Pelangio Exploration Inc.

Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the years ended December 31,	2019 $	2018 $
Cash was provided by (used in):		
Operating activities:		
Net loss for the year	(1,392,730)	(1,382,993)
Items not affecting cash:		
Loss on disposal of equipment	839	-
Realized gain on disposal of marketable securities	(94,349)	-
Exploration and evaluation expenses acquired on purchase of 2522962 Ontario Inc.	-	58,074
Unrealized loss on marketable securities	25,888	7,658
Shares issued for exploration and evaluation expenses	65,500	37,500
Shares issued for consulting and advisory services	-	100,000
Flow-through share premium income, *note 10*	(9,489)	(1,742)
Amortization	5,806	8,295
Share-based payments	55,529	43,239
	(1,343,006)	**(1,129,969)**
Cash was provided by (used to finance) changes in the following working capital items:		
Amounts receivable	(24,611)	(8,051)
Prepaid expenses	(38,172)	-
Accounts payable and accrued liabilities	(79,838)	(34,553)
Income tax payable	(1,346)	-
Net change in non-cash working capital	**(143,967)**	**(42,604)**
Net cash used in operating activities	**(1,486,973)**	**(1,172,573)**
Investing activities:		
Purchase of marketable securities	(276,200)	-
Net cash received from acquisition of 2522962 Ontario Inc., *note 4*	-	525,906
Proceeds from disposal of marketable securities	314,414	-
Net cash provided by investing activities	**38,214**	**525,906**
Financing activities:		
Share subscriptions	(16,755)	2,955
Non-brokered private placement	410,000	1,155,000
Issue costs	(63,866)	(121,503)
Flow-through shares	525,000	50,400
Issue costs	(28,321)	(4,032)
Net cash provided by financing activities	**826,058**	**1,082,820**
Change in cash	**(622,701)**	**436,153**
Cash, beginning of year	1,014,968	578,815
Cash, end of year	**392,267**	**1,014,968**
Supplemental information, note		
Finders' warrants issued	23,434	78,003

See accompanying notes to the consolidated financial statements.

1. Nature of operations and going concern

Pelangio Exploration Inc. (the "Company" or "Pelangio") was incorporated on February 27, 2008 under the Alberta Business Corporations Act and continued under the Canada Business Corporations Act (the "Act") on June 25, 2009. The principal business of the Company is the acquisition, exploration and development of mineral property interests in Canada and Ghana, Africa. The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of Canada. The head office is located at 82 Richmond Street, Toronto, Ontario M5C 1P1.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts expended on exploration and evaluation activities is dependant upon a discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, unregistered prior claims and agreements, aboriginal claims, social license requirements and non-compliance with regulatory requirements.

The Company had a net loss of $1,392,730 (2018 - $1,382,993) for the year ended December 31, 2019 and had an accumulated deficit of $56,610,770 (2018 - $55,284,040) and working capital of $57,054 (2018 - $482,128) as at December 31, 2019. These conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. These consolidated financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

2. Basis of presentation

(a) Statement of compliance with International Financial Reporting Standards

These consolidated financial statements, including comparatives, have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis.

These consolidated financial statements were authorized for issuance by the Board of Directors on April 29, 2020.

Current accounting changes

During 2019, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IAS 1, IFRS 3, IFRS 16 and IFRIC 23. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

Future Accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2020 or later. Updates that are not applicable or are not consequential to the Company have been excluded. The Company is currently evaluating the impact of these new standards on the Company's consolidated financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

3. Significant accounting policies

(a) Currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and balances are eliminated on consolidation. For partly owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

(c) Critical judgments and estimation uncertainties

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

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

i) Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

3. Significant accounting policies (continued)

(c) Critical judgments and estimation uncertainties (continued)

ii) Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

iii) Estimation of closure and reclamation costs and the timing of expenditure

The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Closure, reclamation and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of closure, reclamation or similar liabilities that may occur upon closure of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

iv) Income, value added, withholding and other taxes

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

3. Significant accounting policies (continued)

(c) Critical judgement and estimation uncertainties (continued)

v) Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

vi) Business combinations vs. asset acquisitions

Determination of whether a set of assets acquired and liabilities assumed constitute a business requires the Company to make certain judgments, taking into account all facts and circumstances. In making this determination, the Company considers items including, but not limited to: whether there are inputs and processes attributable to the set of assets and liabilities, the extent of the infrastructure in place, the work required to bring the acquired assets to production and whether the project has resources or reserves. Such judgments are inherently uncertain and could have a significant effect on the method of accounting for the acquisition and the disclosures required.

vii) Contingencies

Refer to Note 13.

(d) Exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred and included in the statement of operations and comprehensive loss until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mineral properties. Exploration costs include an allocation of administration and salary costs as determined by management.

Farm-outs in the exploration and evaluation phase

The Company does not record any expenditures made by the farmee on its account. Any cash consideration received directly from the farmee is credited against costs expensed in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

3. Significant accounting policies (continued)

(e) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use.

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

Equipment is depreciated over the estimated useful lives of the assets on the declining balance basis using the following annual rates:

Computer hardware	55%
Furniture and equipment	20%
Vehicles	30%

(f) Provision for closure and reclamation

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 and the liability is recognized at the time environmental disturbance occurs.

The Company does not currently have any significant legal or constructive obligations relating to reclamation or closure of its exploration and evaluation property interests; and therefore, no closure and reclamation liabilities have been recorded as at December 31, 2019 and 2018.

(g) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects.

Common shares issued for consideration other than cash, are valued based on their market value at the date the agreement to issue shares was concluded.

3. Significant accounting policies (continued)

(i) Financial instruments

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The Company's financial instruments consist of cash, amounts receivable, public investments, private investments, accounts payable and accrued liabilities.

(i) Investments

Purchases and sales of investments are recognized on a trade date basis. Public and private investments at fair value through profit or loss are initially recognized at fair value, with changes in fair value reported in profit (loss).

At each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and reflects such valuations in the financial statements.

Transaction costs are expensed as incurred in the statements of loss. The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such changes in valuations in the statements of income/loss. The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (see Note 6, "Fair value of financial instruments"). The three levels are defined as follows:

Level 1 – investment with quoted market price;

Level 2 – investment which valuation technique is based on observable market inputs; and

Level 3 – investment which valuation technique is based on non-observable market inputs.

3. Significant accounting policies (continued)

(i) Financial instruments (continued)

(i) Investments (continued)

Publicly-traded investments:

1. Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the statement of financial position date or the closing price on the last day the security traded if there were no trades at the statement of financial position date. These are included in Level 1 as disclosed in Note 6.

2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2 in Note 6.

3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. If no such market inputs are available or reliable, the warrants and options are valued at intrinsic value. These are included in Level 2 as disclosed in Note 6.

The amounts at which the Company's publicly-traded investments could be disposed of may differ from carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Such differences could be material.

3. Significant accounting policies (continued)

(i) Financial instruments (continued)

(i) Investments (continued)

Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 3 as disclosed in Note 6. Options and warrants of private companies are carried at their intrinsic value.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. In the absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

2. An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates which, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
- receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);
- filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
- important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

3. Significant accounting policies (continued)

(i) Financial instruments (continued)

(i) Investments (continued)

Privately-held investments (continued):

3. Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates which increases the tax burden on companies, which prohibit mining where it was previously allowed, which increases the need for permitting or approvals, etc.;
- denial of the investee company's application for environmental, mining, aboriginal or similar approvals which prohibit the investee company from proceeding with its projects;
- the investee company releases negative exploration results;
- changes to the management of the investee company take place which the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
- the investee company is placed into receivership or bankruptcy; and
- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's privately-held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

3. Significant accounting policies (continued)

(i) Financial instruments (continued)

(ii) Financial assets other than investments at fair value and liabilities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either FVPL or FVOCI, and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

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

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash and amounts receivable were held at amortized cost.

Subsequent measurement – financial assets at FVPL

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

Subsequent measurement – financial assets at FVOCI

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

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

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

3. Significant accounting policies (continued)

(i) Financial instruments (continued)

(ii) Financial assets other than investments at fair value and liabilities (continued)

Derecognition

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

Impairment of financial assets

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

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

3. Significant accounting policies (continued)

(j) Share-based payments

The Company has a share option plan that is described in note 11. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity reserves. Consideration received on the exercise of stock options is recorded as issued capital and the related equity reserve is transferred to issued capital. Charges for options that are forfeited before vesting are reversed from equity reserves. Upon expiry, the recorded value is transferred to deficit.

(k) Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

(l) Impairment of non-current assets

The carrying value of equipment is assessed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

(expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies (continued)

(m) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into (i) a flow-through share premium for which a liability is recognized, equal to the difference between the current market price of the Company's common shares and the issue price of the flow-through share and (ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as flow-through share premium income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of one to two years.

4. Acquisition of 5SD Capital

On December 7, 2018, the Company completed the acquisition of 2522962 Ontario Inc., (5SD Capital) by way of the issuance of 4,597,094 common shares of the Company. Each former shareholder of 5SD received 0.20 common shares of the Company for each common share of 5SD held immediately prior to the effective time of the transaction.

The acquisition of 5SD Capital has been accounted for as an acquisition of assets and liabilities as 5SD Capital does not meet the definition of a business under IFRS 3. The acquisition of the net assets of 5SD Capital were recorded at the estimated fair market value of consideration transferred of $643,593 as detailed below:

Consideration paid	
Share consideration	643,593
Net assets acquired	
Cash	525,906
Current assets	4,593
Marketable securities	131,330
Shares of the Company returned to treasury for cancellation (note (i)	14,000
Equipment	838
Exploration and evaluation expenses	58,074
Current liabilities	(91,148)
Total net assets acquired	643,593

The fair value of shares issued by the Company was estimated based on the quoted market price of the Company's shares on the date of issuance.

(expressed in Canadian dollars unless otherwise noted)

5. Operating segments

Geographical information

The Company operates in two principal geographical areas – Ghana and Canada. Information about the Company's equipment by geographical location is detailed below:

Ghana	$16,156	(December 31, 2018 - $21,706)
Canada	$1,022	(December 31, 2018 - $2,116)

6. Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures from the previous period.

Credit risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash has been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2019, the Company had a cash balance of $392,267 (December 31, 2018 - $1,014,968) to settle current liabilities of $573,085 (December 31, 2018 - $677,682). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Of the accounts payable and accrued liabilities as at December 31, 2019, $212,500 (2018 - $212,500) is an amount of accrued wages to the Company president. This amount is unsecured, has no fixed terms of repayment and is due on demand.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is sensitive to changes in the interest rates through interest income earned on its cash balance.

Price risk

Price risk with respect to commodity prices is remote since the Company is not a producing entity. The Company is exposed to price risk with respect to its marketable securities. Unfavourable market conditions could result in disposition of the investments at less than favourable prices.

(expressed in Canadian dollars unless otherwise noted)

6. Financial risk factors (continued)

Fair value of financial instruments

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

As at December 31, 2019 and 2018, the carrying and fair value amounts of the Company's financial instruments, other than marketable securities are approximately the same because of the short-term nature of these instruments.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Company has determined the carrying values of its financial instruments as follows:

i. The carrying values of cash, amounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.
ii. Public and private investments are carried at amounts in accordance with the Company’s accounting policies as set out in Note 3.
iii. Prior to maturity, the outstanding loans receivable are carried at their discounted value. Following their maturity, loans receivables are carried at their estimated realizable value.

The following table illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at December 31, 2019.

Investments, fair value	Level 1 (Quoted Market price)	Level 2 (Valuation technique - observable market inputs)	Level 3 (Valuation technique - non-observable market inputs)	Total
Publicly traded investments	43,719	-	-	43,719
Private investment	-	-	110,200	110,200
December 31, 2019	43,719	-	110,200	153,919

Investments, fair value	Level 1 (Quoted Market price)	Level 2 (Valuation technique - observable market inputs)	Level 3 (Valuation technique - non-observable market inputs)	Total
Publicly traded investments	113,472	-	-	113,472
Private investment	-	-	10,200	10,200
December 31, 2018	113,472	-	10,200	123,672

(expressed in Canadian dollars unless otherwise noted)

6. Financial risk factors (continued)

Fair value of financial instruments (continued)

Within Level 3, the Company includes private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies. The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at December 31, 2019.

Description	Fair Value	Valuation Technique	Significant unobservable input(s)	Range of significant unobservable input(s)
Golden Birch Resources	$ 10,200	Recent financing	Marketability of shares	0% discount
Quantus Resources Corp	$ 100,000	Recent financing	Marketability of shares	0% discount

As valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Given the size of the private investment portfolio, such changes may have a significant impact on the Company's financial condition or operating results.

Golden Birch Resources

On October 25, 2018, the Company invested in Golden Birch Resources, a private company with a mining project in Papua New Guinea, along with other arms-length investors. The valuation is based on the most recent financing and management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at December 31, 2019. As at December 31, 2019, a +/- 10% change in the fair value of Golden Birch Resources will result in a corresponding +/- $1,000 (December 31, 2018: +/- $1,000) change in the carrying amount. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significant of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

Quantus Resources Corp

On January 29, 2019, the Company invested in Quantus Resources Corp, a private company with an Option Agreement to acquire 100% interest in the Black Hawk mining property, located in San Bernardino County, California, USA. The valuation is based on the most recent financing and management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at December 31, 2019. As at December 31, 2019, a +/- 10% change in the fair value of Quantus Resources Corp will result in a corresponding +/- $10,000 change in the carrying amount. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significant of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

6. Financial risk factors (continued)

Fair value of financial instruments (continued)

The sensitivity analysis is intended to reflect the significant uncertainty inherent in the valuation of private investments under current market conditions, and the results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the estimated fair value of these investments. Furthermore, the analysis does not indicate a probability of changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

Market risk

Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to fluctuations in the market price of certain minerals.

Foreign exchange risk

The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar, including the US dollar and the Ghanaian cedi. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, management believes the following movements are "reasonably possible" over a one year period:

As at December 31, 2019, the Company held approximately $74,000 (December 31, 2018 - $29,000) of cash balances denominated in US dollars. As at December 31, 2019, the Company had accounts payable and accrued liabilities denominated in US dollars of $34,000 (December 31, 2018 - $20,000). A 10% change in the value of the Canadian dollar compared to the other foreign currencies in which the Company transacts would result in a corresponding foreign exchange gain/loss of approximately $4,000 based on the balance of monetary assets and liabilities at December 31, 2019 (December 31, 2018 - $1,000).

(expressed in Canadian dollars unless otherwise noted)

7. Marketable securities

The Company holds shares in certain public and private companies in the mining industry. During the year ended December 31, 2019, these shares were fair valued and this resulted in an unrealized loss of $25,888 (2018 - $7,658).

The following table summarizes information regarding the Company's marketable securities for the years ended December 31, 2019 and December 31, 2018.

	December 31, 2019 $	December 31, 2018 $
Balance, beginning of year	123,672	-
Acquisitions	276,200	131,330
Disposals	(314,414)	-
Realized gains	94,349	-
Unrealized loss on mark-to-market	(25,888)	(7,658)
Balance, end of year	153,919	123,672

(expressed in Canadian dollars unless otherwise noted)

8. Exploration and evaluation expenses

Transactions for the year ended December 31, 2019 are as follows:

Canada	Dome West $	Dalton $	Hailstone $	Other $	Total $
Drilling and assaying	94,369	128,807	4,417	-	227,593
Field supplies	10,175	7,629	7,894	5,788	31,486
Geologists	23,799	18,204	20,800	3,600	66,403
Option payments	60,000	40,500	17,000	-	117,500
Other	-	-	-	5,521	5,521
	188,343	**195,140**	**50,111**	**14,909**	**448,503**

Ghana	Manfo $	Obuasi $	Akroma $	Total $
Accounting services	6,826	-	-	6,826
Contract workers	5,375	2,332	-	7,707
Consultancy	-	17,100	-	17,100
Corporate social responsibility	8,654	91	-	8,745
Field supplies	-	624	-	624
Geologists	68,144	30,125	-	98,269
In-country logistics	8,418	2,620	-	11,038
Other	1,739	-	-	1,739
Permits and licenses	3,579	765	-	4,344
Site meal services	1,046	156	-	1,202
Soil sampling	750	-	470	1,220
Travel and vehicle	17,694	5,409	-	23,103
	122,225	**59,222**	**470**	**181,917**
Total				**630,420**

(expressed in Canadian dollars unless otherwise noted)

8. Exploration and evaluation expenses (continued)

Transactions for the year ended December 31, 2018 are as follows:

Canada	Dome West $	Dalton $	Hailstone $	Other $	Total $
Drilling and assaying	-	12,449	-	-	12,449
Option payments	-	32,500	-	20,000	52,500
Other	-	-	-	1,000	1,000
	-	**44,949**	**-**	**21,000**	**65,949**

Ghana	Manfo $	Obuasi $	Akroma $	Total $
Accounting services	8,176	-	-	8,176
Crop compensation	3,992	-	-	3,992
Drilling and assaying	102,978	-	-	102,978
Field supplies	9,701	-	-	9,701
Geologists	109,364	840	7,756	117,960
In-country logistics	77,159	280	-	77,439
Permits and licenses	6,730	-	-	6,730
Site meal services	10,644	36	-	10,680
Soil sampling	20,664	-	-	20,664
Travel and vehicle	44,542	246	-	44,788
	393,950	**1,402**	**7,756**	**403,108**
Total				**469,057**

Obuasi, Ghana

Pursuant to a letter agreement dated September 23, 2005, as amended November 18, 2005, and replaced by option agreements dated May 3, 2006, certain of the Company's subsidiaries acquired options to acquire 100% (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) of a property in southwest Ghana, West Africa. The optioned property consists of the Kyereboso #2, Kyereboso #3, Meduma and Adokwae concessions, which were acquired from two private Ghanaian corporations. The Meduma concession is in good standing until January 26, 2023 and the Adokwae concession, the Kyereboso #2 and Kyereboso #3 renewal applications are pending and such renewals are not assured.

During 2011, the Company made the final payment and acquired a 100% interest in the Obuasi Property.

The property is subject to net smelter return royalties of 2%.

8. Exploration and evaluation expenses (continued)

Manfo, Ghana

During 2010, the Company entered into three definitive option agreements in respect of the concessions comprising the Manfo Property pursuant to which the Company has an option to acquire a 100% interest (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) in each of the concessions. The optioned property consists of the Subriso, Twabidi and Sempekrom concessions, which were acquired from one private Ghanaian corporation. The Subriso, Sempekrom and Twabidi concession renewals are pending and such renewals are not assured. The Subriso, Twabidi and Sempekrom concessions are referred to as the Manfo Property.

During 2011, the Company completed the option terms and had earned a 100% interest in the Manfo Property. The property is subject to a 2% net smelter royalty ("NSR") subject to the Company's right to repurchase 1% of the NSR for a payment of US $4,000,000.

The Company (or its successor or permitted assign) will pay the optionor a discovery bonus totaling the sum of (i) US$1,000,000 plus (ii) US$1.00 per ounce of proven and probable gold reserves set out in the first positive feasibility study published or released in respect of the Manfo Property.

During 2013, the Company paid $55,303 to enter into a review period with the optionor of the Manfo property regarding the NSR repurchase terms. The review period ends when the market conditions improve such that the Company is able to complete a single financing amount of greater than $2,000,000. As at December 31, 2019, the Company remains in the review period.

Akroma, Ghana

During 2011, the Company entered into an option agreement to acquire a 100% interest (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) in the Akroma Property. Pursuant to the option agreement on the Akroma Property, in order to acquire a 100% interest in the property, the Company paid US$50,000 and issued 200,000 common shares to the optionor over a three-year period. During 2014, the Company completed the option terms by the issuance of the final 70,000 common shares and earned a 100% interest in the Akroma Property.

The Company must also grant the optionor a 2% NSR upon making the payment and share issuances described above, of which 1% may be repurchased at any time for a cash payment of US$2 million.

During the second quarter of 2014, the Company completed the option terms and had earned a 100% interest in the Akroma Property. The Akroma Property consists of two separate land packages, Dormaa and Wamfie. The Dormaa concession renewal is pending and such renewal is not assured. The conversion of the Wamfie concession to a Prospecting Licence is still pending and there is no assurance that such conversion will be completed.

8. Exploration and evaluation expenses (continued)

Option Agreement Akroma

The Company's wholly-owned subsidiary Pelangio Ahafo (G) Limited entered into an option and joint venture agreement dated November 7, 2016 and amended on February 14, 2017 and June 7, 2018, with RosCan Minerals Corporation ("RosCan") on the Dormaa Project.

RosCan elected to discontinue the option on the Dormaa property effective August 15, 2018.

Birch Lake, Canada

Birch Lake consists of the following:

(i) a 100% interest in certain unpatented mining claims in Keigat Lake and Casummit Lake Townships, Ontario. The property is subject to net smelter return royalties of 2%.

(ii) 100% interest in certain unpatented mining claims in Keigat Lake and Casummit Lake Townships, Ontario, acquired as part of acquisition of 5SD Capital (see note 4).

The Company entered into an option agreement dated March 14, 2017 with Pacton Gold Inc. ("Pacton").

Pacton provided the Company notice of termination of the option agreement on March 26, 2018.

Poirier Gold, Canada

Poirier Gold consists of one mining lease made up of two mining claims in Bristol Township, Ontario. The property is subject to net smelter return royalties of 2%.

Dalton Property

The Dalton Property consists of certain patented claims located in Ogden Township. The Company has a right to earn a 100% interest in the property by issuing an aggregate of 370,000 shares, make cash payments of $199,500 and complete $750,000 of exploration expenses as follows:

(a) issue 100,000 shares and cash payment of $15,000 upon acceptance of the agreement by the TSXV (issued and paid). The shares issued were valued at $17,500 based on the quoted market price on the date of issuance;

(b) issue 90,000 shares (issued) and cash payment of $27,000 (paid) and incur $75,000 of exploration expenses on or before the first anniversary of the acceptance date. The shares issued were valued at $13,500 based on the quoted market price on the date of issuance;

(c) issue 90,000 shares and cash payment of $67,500 and incur $150,000 of exploration expenses on or before the second anniversary of the acceptance date;

(d) issue 90,000 shares and cash payment of $90,000 and incur $225,000 of exploration expenses on or before the third anniversary of the acceptance date; and

(e) incur $300,000 of exploration expenses on or before the fourth anniversary of the acceptance date.

The Dalton Property is subject to net smelter return of 2.7%. The Company has the right to purchase 0.9% of the royalty for $900,000.

8. Exploration and evaluation expenses (continued)

Montcalm and Nova Properties

The Montcalm and Nova Properties consists of a 50% interest in certain unpatented mining claims located in Montcalm and Nova Townships. Pancontinental Resources Corporation ("Pancon") has a right to earn a 100% interest in the Company's 50% interest in the properties by issuing an aggregate of 450,000 common shares and make cash payments of $52,500 over the next two years.

Pursuant to this agreement, Pancon issued 150,000 common shares and made a cash payment of $17,500 to 5007223 Ontario Inc.

Strachan Property

The Strachan Property consists of certain claim units located in Melrose Township.

On January 18, 2019, the Company entered into a binding letter of intent with Pancontinental Resources Corporation ("Pancon"), whereby Pancon can earn up to a 75% interest in the Strachan Property by the issuance of 400,000 common shares over 3 years, making payments in aggregate of $40,000 over 3 years and completing $750,000 of exploration expenditures over 6 years.

Pursuant to this agreement, Pancon issued 100,000 common shares and made a cash payment of $10,000 to 5007223 Ontario Inc.

Gowan Property

The Gowan Property consists of certain claims located in Gowan Township. Amex Exploration Limited has a right to earn a 100% interest in the property by issuing an aggregate of 400,000 common shares and make cash payments of $20,000. Pursuant to this agreement, Amex Exploration Limited previously issued 100,000 common shares and made a cash payment of $5,000 to 5SD Capital.

Dome West Property

The Dome West Property consists of certain mining cells in Tisdale Township. Pursuant to an agreement dated January 29, 2019, the Company has a right to earn a 100% interest in the property by issuing an aggregate of 500,000 shares, make cash payments of $220,000 and complete $750,000 of exploration expenses as follows:

(a) issue 150,000 shares and cash payment of $15,000 upon acceptance of the agreement by the TSXV (issued and paid). The shares issued were valued at $45,000 based on the quoted market price on the date of issuance;

(b) issue 150,000 shares and cash payment of $30,000 and incur $110,000 of exploration expenses on or before the first anniversary of the acceptance date (issued and paid);

(c) issue 100,000 shares and cash payment of $75,000 and incur $115,000 of exploration expenses on or before the second anniversary of the acceptance date;

(d) issue 100,000 shares and cash payment of $100,000 and incur $225,000 of exploration expenses on or before the third anniversary of the acceptance date; and

(e) incur $300,000 of exploration expenses on or before the fourth anniversary of the acceptance date.

The Dome West Property is subject to net smelter return of 3%. The Company has the right to purchase a 1.0% royalty for $1,000,000.

8. Exploration and evaluation expenses (continued)

Hailstone property

On July 15, 2019, the Company entered into an option agreement, amended October 1, 2019, to acquire a 90% interest in the Hailstone property, comprised of certain mineral claims located in La Ronge, Northern Mining District, Saskatchewan pursuant to an agreement between First Geolas Consulting and the Company. Pursuant to the agreement the company agreed to issue 50,000 shares, make cash payment of $75,000 and complete $285,000 of exploration expenditures over a three year period from the acceptance date of the agreement.

The Company has a right to earn a 51% interest in the property by issuing an aggregate of 50,000 shares, make cash payments of $25,000 and complete $135,000 of exploration expenses as follows:

(a) issue 50,000 shares and cash payment of $10,000 upon acceptance of the agreement by the TSXV (issued and paid). The shares issued were valued at $7,000 based on the quoted market price on the date of issuance;

(b) incur $29,000 of exploration on or before October 1, 2019 (incurred);

(c) make a cash payment of $15,000 on or before the first anniversary of the acceptance date;

(d) incur $106,000 of exploration expenses on or before the second anniversary of the acceptance date and grant 1.5% Net Smelter Royalty ("NSR") on or before the second anniversary of the acceptance date.

In the event that the Company wishes to acquire an additional 39% interest in the Hailstone Property it shall make a cash payment of $50,000 and complete $150,000 of exploration expenses as follows:

(a) make a cash payment of $50,000 on or before the second anniversary of the acceptance date;

(b) incur $150,000 of exploration expenses on or before the third anniversary of the acceptance date.

The Hailstone property is subject to net smelter royalties of 1.5%.

(expressed in Canadian dollars unless otherwise noted)

9. Equipment

	Computer hardware	Furniture and equipment	Vehicles	Total
	$	$	$	$
Cost December 31, 2017	13,849	79,108	146,500	239,457
Additions	838	-	-	838
Cost December 31, 2018	14,687	79,108	146,500	240,295
Disposals	(838)	-	-	(838)
December 31, 2019	13,849	79,108	146,500	239,457
Accumulated depreciation				
December 31, 2017	11,354	61,984	134,840	208,178
Charges for the year	1,372	3,425	3,498	8,295
December 31, 2018	12,726	65,409	138,338	216,473
Charges for the year	617	2,740	2,449	5,806
December 31, 2019	13,343	68,149	140,787	222,279
Net book value				
December 31, 2019	506	10,959	5,713	17,178
Net book value				
December 31, 2018	1,961	13,699	8,162	23,822

10. Issued Capital

On July 5, 2018, the Company completed the consolidation of its issued and outstanding shares on the basis of one post-consolidation shares for every 10 pre-consolidation shares (the "Consolidation"). The Company's shares began trading on a post-consolidation basis on the Exchange on July 6, 2018. All share and per share information in these consolidated financial statements give effect to the Consolidation on a retroactive basis, unless otherwise indicated.

(i) Authorized

Authorized share capital consists of an unlimited number of common shares without par value.

5SD Capital owned 110,000 common shares of the Company, which were returned and cancelled during year ended December 31, 2018.

(ii) Non-brokered private placements

In January of 2018, the Company completed the third tranche of a private placement financing consisting of 1,350,000 units at a price of $0.50 per unit for gross proceeds of $675,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of $0.70 per common share until December 15, 2020. The Company paid a finder's fee of $54,000 in cash and 108,000 non-transferable finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of $0.50 per share until December 15, 2020.

In December of 2018, the Company completed a private placement financing of 3,200,000 units at a price of $0.15 per unit for gross proceeds of $480,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.20 per common share until December 18, 2020.

The Company paid a finder's fee of $37,200 in cash and 256,000 non-transferable finder’s warrants with 8,000 warrants issued subsequent to year end, with each such warrant entitling the holder thereof to acquire one common share at a price of $0.20 per share until December 18, 2020.

In December of 2018, the Company completed a non-brokered flow-through financing of 280,000 flow-through common shares at a price of $0.18 per share for gross proceeds of $50,400. The flow-through shares were issued at an average premium of $0.03 to the current market price of the Company's shares at the day of issue. The premium was recognized as a current liability for $8,400 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $1,742 was recognized for the year ended December 31, 2018, and $6,658 was recognized for the year ended December 31, 2019, relating to this transaction.

The Company paid a finder's fee of $4,032 in cash and 22,400 non-transferable finder’s warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of $0.20 per share until December 18, 2020.

10. Issued Capital (continued)

In January of 2019, the Company completed a private placement financing of 1,800,000 units at a price of $0.15 per unit for gross proceeds of $270,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.20 per common share until January 18, 2021.

The Company paid a finder's fee of $15,600 in cash and 104,000 non-transferable finder’s warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of $0.20 per share until January 18, 2021. As at December 31, 2018, the Company had received $16,755 relating to this financing which has been presented as a liability on the consolidated statements of financial position.

In January of 2019, the Company completed a non-brokered flow-through financing of 566,038 flow-through common shares at a price of $0.265 per unit for gross proceeds of $150,000. The Company paid a finder's fee of $6,970 in cash. The flow-through shares were issued at an average premium of $0.005 to the current market price of the Company's shares at the day of issue. The premium was recognized as a current liability for $2,830 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $2,830 was recognized for the period ended December 31, 2019 relating to this transaction.

In August of 2019, the Company completed a non-brokered private placement financing of 1,000,000 common shares at a price of $0.14 per share and 1,000,000 flow-through shares at a price of $0.15 per flow-through share for total gross proceeds of $290,000. The Company paid finder’s fees totaling $12,947 and 88,142 compensation warrants to certain introducing parties in respect of the private placement. Each compensation warrant entitles the holder thereof to acquire one common share at a price of $0.20 per share until August 13, 2020.

In December of 2019, the Company completed a non-brokered flow-through financing of 1,5000,000 flow-through common shares at a price of $0.15 per share for gross proceeds of $225,000. The Company paid a finder's fee of $4,221 and 28,140 compensation warrants to certain introducing parties in respect of the private placement. Each compensation warrant entitles the holder thereof to acquire on common share at a price of $0.20 per share until December 20, 2020. The common shares issued pursuant to the private placement are subject to a four month hold period from the date of issuance in accordance with applicable Canadian securities laws.

(expressed in Canadian dollars unless otherwise noted)

11. Equity reserves

	No. of options #	Weighted Average Exercise Price $	Grant Date Fair Value of options $	No. of warrants #	Weighted Average Exercise Price $	Grant Date Fair Value of warrants $	Total Value $
December 31, 2017	806,000	0.50	197,229	2,304,240	0.50	515,490	712,719
Granted/Expensed	370,000	0.20	43,239	4,928,400	0.70	557,177	600,416
Expired	(50,000)	(0.80)	(20,441)	-	-	-	(20,441)
December 31, 2018	**1,126,000**	**0.35**	**220,027**	**7,232,640**	**0.68**	**1,072,667**	**1,292,694**
Granted/Expensed	140,000	0.16	55,529	2,020,282	0.40	130,870	186,399
Expired	(119,500)	(0.50)	(66,000)	-	-	-	(66,000)
December 31, 2019	**1,146,500**	**0.38**	**209,556**	**9,252,922**	**0.40**	**1,203,537**	**1,413,093**

(expressed in Canadian dollars unless otherwise noted)

11. Equity reserves (continued)

Employee share option plan

The Company has a share option plan to assist the Company in attracting, retaining and motivating directors, key officers, employees and consultants of the Company and to closely align the personal interests of such parties with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Company. The maximum number of shares reserved for issuance under the share option plan is limited to 2,700,000 common shares of the Company. Share options granted under the share option plan vest in four equal installments, being at the date of grant, and at the end of each six-month period ended thereafter.

The following share option arrangements were in existence as at December 31, 2019:

Date Granted	Options Granted	Options Exercisable	Exercise Price $	Expiry Date
March 27, 2015	150,000	150,000	0.50	March 27, 2020
January 19, 2016	310,000	310,000	0.50	January 19, 2021
May 8, 2017	139,500	139,500	0.50	May 8, 2022
June 16, 2017	37,000	37,000	0.50	June 16, 2022
February 27, 2018	20,000	20,000	0.55	February 27, 2023
November 1, 2018	350,000	262,500	0.18	November 1, 2023
February 27, 2019	125,000	62,500	0.32	February 27, 2024
July 11, 2019	15,000	3,750	0.16	July 11, 2024
	1,146,500	**985,250**	**0.38**	

The weighted average exercise price of options exercisable at December 31, 2019 was $0.40 (December 31, 2018 - $0.47).

The weighted average remaining contractual life of options outstanding at December 31, 2019 is 2.42 years (December 31, 2018 - 2.85 years).

The fair value of share options granted has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value $
March 27, 2015	0	0.75	108	5 years	61,623
January 19, 2016	0	0.68	115	5 years	49,000
May 8, 2017	0	0.50	136	5 years	42,000
June 16, 2017	0	0.50	137	5 years	15,000
February 27, 2018	0	1.75	148	5 years	10,000
November 1, 2018	0	2.27	173	5 years	133,000
February 27, 2019	0	1.91	174	5 years	38,000
July 11, 2019	0	1.62	164	5 years	2,000

The estimated weighted average grant date fair value of options granted during 2019 was $0.29 (2018 - $0.36).

Expected volatility is estimated by considering the historic average share price volatility.

(expressed in Canadian dollars unless otherwise noted)

11. Equity reserves (continued)

The fair value of warrants granted has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life (Years)	Estimated grant date fair value $
August 30, 2017	0	1.51	151	3	277,678
December 15, 2017	0	1.53	148	3	124,564
December 18, 2017	0	1.55	149	3	113,247
January 18, 2018	0	1.75	148	3	328,297
December 18, 2018	0	1.90	173	3	194,439
December 18, 2018	0	1.90	173	3	34,441
January 18, 2019	0	1.83	171	3	120,611
August 13, 2019	0	1.17	168	1	7,859
December 20, 2019	0	1.61	161	1	2,400

The following warrant arrangements were in existence as at December 31, 2019:

Warrants #	Exercise Price $	Estimated Grant Date Fair Value $	Expiry Date
1,158,000	0.70	271,733	July 31, 2021
12,240	0.50	5,946	July 31, 2021
2,400,000	0.70	490,046	December 15, 2020
192,000	0.50	76,062	December 15, 2020
3,200,000	0.20	194,439	December 18, 2020
270,400	0.20	34,441	December 12, 2020
1,800,000	0.20	107,436	January 18, 2021
104,000	0.20	13,174	January 18, 2021
88,142	0.20	7,859	August 13, 2020
28,140	0.20	2,401	December 20, 2020
9,252,922	**0.40**	**1,203,537**	

12. Related party information

These consolidated financial statements include the financial statements of the Company and its subsidiaries and their respective effective ownership listed in the following table:

Pelangio Mines (B) Inc. (Barbados)	100%
Pelangio Adansi Asaasi (G) Limited (Ghana)	100%
Pelangio Kyereboso Mining (G) Limited (Ghana)	100%
Pelangio Adansi Gold (G) Limited (Ghana)	100%
Pelangio Edubiase (G) Limited (Ghana)	100%
Pelangio Ahafo (B) Inc. (Barbados)	100%
Pelangio Ahafo (G) Limited (Ghana)	100%
5007223 Ontario Inc. (Canada)	100%
2090720 Ontario Inc. (Canada)	100%
2229667 Ontario Inc. (Canada)	100%

(expressed in Canadian dollars unless otherwise noted)

12. Related party information (continued)

The following transactions were entered into with related parties that are not subsidiaries of the Company during the years ended December 31, 2019 and 2018:

	2019 $	**2018** $
With a Ghanian corporation controlled by an officer of the Company:		
Exploration and evaluation expenses	54,806	65,676
With Canadian corporations controlled by an officer of the Company:		
Exploration and evaluation (V.P. Corporate Development)	72,077	-
Exploration and evaluation (Senior VP Exploration)	27,028	-
With a partnership in which an officer of the Company is a partner:		
Accounting services	125,514	76,875
With an officer of the Company:		
Consulting services (Senior Technical Advisor)	11,360	46,619

Of the accounting service fees, $51,230 (2018 - $26,757) is included in professional fees and $72,335 (2018 - $50,118) is included in consulting services on the consolidated statement of operations.

Accounts payable and accrued liabilities as at December 31, 2019 include amounts owing to directors and officers in the amount of $398,044 (December 31, 2018 - $447,711). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

These transactions with related parties were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

In the 2019 non-brokered private placements described in note (ii), directors and officers of the Company and members of their families subscribed for the following units and gross proceeds:

	Units/Shares	Proceeds ($)
August 2019	437,500	61,250
August 2019 - Flow through	133,333	20,000
December 2019 - Flow through	246,000	36,900
	816,833	118,150

The remuneration of directors and other members of key management personnel during the years ended December 31, 2019 and 2018 were as follows:

For the year ended December 31,	**2019** $	**2018** $
Short-term benefits	48,137	53,104
Share-based payments	44,969	34,038

(expressed in Canadian dollars unless otherwise noted)

13. Commitments and contingencies

The Company is party to employment agreements with its employees. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control. The additional commitments total approximately $135,000. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

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

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business.

The Company has been named in an action involving one of the vendors of the Obuasi Property relating to such vendor's corporate history and founding shareholders and the ownership of the lands covered by the Kyereboso #2 and Kyereboso #3 prospecting licences. The action is the subject of a pre-trial motion and has not yet proceeded to trial. An interlocutory injunction has been granted preventing all parties from selling any interest in the property pending final determination of the matter. Pelangio has appealed against this ruling and such appeal is yet to be determined.

In addition, the Company is involved in litigation regarding the termination of an option agreement in respect of the New Edubiase concession, which the Company considers to be without merit, based on a reasoned assessment by management of all available information including legal advice received regarding the basis in law for the counterparty's claim.

The Company cannot reasonably predict the likelihood or outcome of these actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations. As at December 31, 2019 and 2018, no amounts have been accrued related to such matters.

As at December 31, 2019, the Company has the following flow-through funds to be spent by December 31, 2020:

Closing date of financing	Remaining funds ($)
August 2019	21,787
December 2019	225,000
Total	246,787

The Company indemnifies subscribers to flow-through shares for tax-related amounts that may become due as a result of the Company not meeting its obligations under the flow-through subscription agreements.

(expressed in Canadian dollars unless otherwise noted)

14. Income taxes

Provisions for income taxes

Major items causing the Company's income tax rate to differ from the combined Canadian Federal and Provincial statutory income tax rate of approximately 26.5% (2018 - 26.5%) approximate the following:

	2019 $	2018 $
Loss before income taxes	**(1,392,730)**	**(1,382,993)**
Expected income tax benefit based on statutory rates	(369,000)	(366,000)
Adjustment to expected income tax benefit:		
Non deductible expenses	38,000	37,000
Change in benefit of tax assets not recognized	331,000	329,000
Income tax expense (recovery)	**-**	**-**

Deferred Income Tax

Deferred income tax assets (liabilities) recorded in Ghana are as follows:

	2019 $	2018 $
Equipment	(7,000)	(7,000)
Non-capital losses	7,000	7,000
Net tax assets (liabilities)	**-**	**-**

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

	December 31, 2019 $	December 31, 2018 $
Non-capital losses carried forward	13,374,000	12,247,000
Non-capital losses carried forward (Ghana)	1,883,000	2,071,000
Capital losses carried forward	5,179,000	5,161,000
Exploration and evaluation assets	331,000	592,000
Share issue costs	191,000	239,000
Marketable securities	26,000	131,330
Equipment	2,000	4,000
	20,986,000	20,445,330

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

(expressed in Canadian dollars unless otherwise noted)

14. Income taxes (continued)

Deferred Income Tax (continued)

The Company has approximately $13,374,000 of non-capital losses in Canada which under certain circumstances can be used to reduce taxable income of future years. The amount and year of expiry of the losses are as follows:

	$
2028	389,000
2029	1,693,000
2030	1,552,000
2031	2,860,000
2032	1,919,000
2033	1,354,000
2034	888,000
2035	411,000
2036	381,000
2037	283,000
2038	836,000
2039	808,000
	13,374,000

The Company has approximately $331,000 of Canadian exploration and development expenditures as at December 31, 2019, which under certain circumstances may be utilized to reduce taxable income of future years.

15. Capital management

The capital of the Company consists of common shares, treasury shares, warrants and options. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of its exploration and evaluation assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the risks, objectives, policies and procedures in 2018 or 2019.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2019 and 2018. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As at December 31, 2019, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

16. Subsequent events

(a) Dome West property option

On January 17, 2020 the Company issued 150,000 common shares and made a cash payment of $30,000 to Mr. Francois Desrosiers and 6398651 Canada Inc, as per the Dome West property option agreement disclosed in note 8.

(b) Novel Coronavirus ("Covid-19")

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.