



UNIGOLD INC.
CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management has prepared the information and representations in this 2019 year-end report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgement. The financial information presented throughout this report is consistent with the data presented in the consolidated financial statements.

In the opinion of management, Unigold Inc. maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three directors. This Committee meets periodically with management and the external auditors to review accounting, auditing, internal control and financial reporting matters.

McGovern Hurley LLP, Chartered Professional Accountants, have audited the 2019 consolidated financial statements and their report outlines the scope of their examination and gives their opinion on the 2019 consolidated financial statements.

s/ Joseph Hamilton
Chairman and Chief Executive Officer

s/ Donna McLean
Chief Financial Officer

May 5, 2020

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Unigold Inc.

Opinion

We have audited the consolidated financial statements of Unigold Inc. and its subsidiaries (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of changes in shareholders' equity, consolidated statements of loss and comprehensive loss 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 Corporation 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 Corporation 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.

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

Those charged with governance are responsible for overseeing the Corporation'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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation'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

McGovern Hurley

auditor's report. However, future events or conditions may cause the Corporation 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 Glen McFarland.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
May 5, 2020

UNIGOLD INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

As at	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash	\$ 1,372,210	\$ 549,412
Other receivables	23,638	12,668
Other financial assets and prepaids	68,249	22,387
Total current assets	1,464,097	584,467
Non-current assets		
Property, plant and equipment (Note 6)	230,326	285,130
Exploration properties (Note 7)	283,747	283,747
Exploration and evaluation assets (Note 7)	41,760,970	40,207,985
Total assets	\$ 43,739,140	\$ 41,361,329
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 94,663	\$ 156,955
Total liabilities	94,663	156,955
Equity attributable to shareholders of the Corporation		
Share capital (Note 8(a))	59,892,350	57,309,839
Reserve for warrants (Note 8(b))	482,966	1,990,736
Reserve for share-based payments (Note 8(c))	1,135,429	708,338
Accumulated deficit	(17,869,099)	(18,807,370)
Total equity attributable to shareholders of the Corporation	43,641,646	41,201,543
Non-controlling interest	2,831	2,831
Total equity	43,644,477	41,204,374
Total liabilities and equity	\$ 43,739,140	\$ 41,361,329

Nature of operations (Note 1)

Going concern (Note 2)

Commitments and contingencies (Note 16)

Approved on Behalf of the Board of Directors:

s/ Joseph Del Campo
Director

s/ Joseph Hamilton
Director

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

UNIGOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Share capital		Other reserves			Accumulated deficit	Equity attributable to shareholders
	Number of common shares	Amount	Warrants	Share-based payments	Total other reserves		
Balance, December 31, 2017	45,671,309	\$ 57,309,839	\$ 2,150,859	\$ 1,053,061	\$ 3,203,920	\$ (18,701,801)	\$ 41,811,958
Transfer to deficit on expiry	–	–	(160,123)	(344,723)	(504,846)	504,846	–
Net loss for the year	–	–	–	–	–	(610,415)	(610,415)
Balance, December 31, 2018	45,671,309	\$ 57,309,839	\$ 1,990,736	\$ 708,338	\$ 2,699,074	\$ (18,807,370)	\$ 41,201,543
Transfer to deficit on expiry	–	–	(1,990,736)	–	(1,990,736)	1,990,736	–
Private placement	32,350,000	2,582,511	482,966	–	482,966	–	3,065,477
Options granted	–	–	–	427,091	427,091	–	427,091
Net loss for the year	–	–	–	–	–	(1,052,465)	(1,052,465)
Balance, December 31, 2019	78,021,309	\$ 59,892,350	\$ 482,966	\$ 1,135,429	\$ 1,618,395	\$ (17,869,099)	\$ 43,641,646

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

UNIGOLD INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

For the year ended December 31,	2019	2018
Operating expenses		
Compensation (<i>Note 11</i>)	\$ 760,687	\$ 297,355
Professional and consulting fees	100,046	68,463
Travel and business development	30,401	29,668
Listing and shareholder information	54,693	37,965
General and administrative expenses	97,115	88,360
Loss on disposal of equipment	–	89,703
Foreign exchange loss (gain)	13,810	(1,164)
Net loss for the year before the undernoted	(1,056,752)	(610,350)
Investment income (expense)	4,287	(65)
Net loss and comprehensive loss for the year	\$ (1,052,465)	\$ (610,415)
Net loss per share - basic and diluted (<i>Note 10</i>)	\$ (0.02)	\$ (0.01)

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

UNIGOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

For the year ended December 31,	2019	2018
Cash flows from operating activities		
Net loss for the year	\$ (1,052,465)	\$ (610,415)
Adjustments to add/(deduct) non-cash items		
Share-based compensation	311,301	–
Loss on disposal of equipment	–	89,703
(Deduct) add investment (income) expense	(4,287)	65
	(745,451)	(520,647)
Working capital adjustments		
Other receivables	(7,533)	(1,487)
Other financial assets and prepaids	(45,862)	(4,008)
Accounts payable and accrued liabilities	(8,387)	52,323
Net cash flows used in operating activities	(807,233)	(473,819)
Cash flows from investing activities		
Exploration and evaluation assets	(1,436,296)	(441,054)
Investment income	850	11,026
Net cash flows used in investing activities	(1,435,446)	(430,028)
Cash flows from financing activities		
Private placement proceeds	3,235,000	–
Share issue costs	(169,523)	–
Net cash flows from financing activities	3,065,477	–
Net increase (decrease) in cash	822,798	(903,847)
Cash, beginning of year	549,412	1,453,259
Cash, end of year	\$ 1,372,210	\$ 549,412

Supplemental information pertaining to cash flows (Note 15)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

1. Nature of Operations and Basis of Presentation

Nature of operations

Unigold Inc. (“Unigold” or the “Corporation”) was incorporated pursuant to the Business Corporations Act (Ontario) on May 9, 1990. The Corporation’s corporate head office is located at 401 Bay Street, Suite 2100, P.O. Box 55, Toronto, ON M5H 2Y4.

Unigold is in the process of exploring its properties in the Dominican Republic.

Basis of presentation

These consolidated financial statements include the accounts of the Corporation, and its wholly owned subsidiary, Unigold Resources Inc., which is incorporated in Canada under the Canada Business Corporations Act, and its 97%-owned subsidiary, Unigold Dominicana, S.R.L., which is incorporated in the Dominican Republic. All material intercompany balances and transactions have been eliminated.

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Because of continuing operating losses, the Corporation's continuance as a going concern is dependent upon its ability to obtain adequate financing or to reach profitable levels of operation. To address its financing requirements, the Corporation will seek financing through measures that may include joint venture agreements, debt and equity financings, asset sales, and rights offerings to existing shareholders or other financial transactions.

It is not possible to predict whether financing efforts will be successful or if Unigold will attain profitable levels of operation. These consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. These adjustments could be material.

3. Measurement Uncertainty

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 the carrying value of exploration properties and exploration and evaluation assets, and the Corporation’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Corporation to raise alternative financing, if necessary, or alternatively upon the Corporation’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. All of the Corporation’s exploration properties are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty.

Although the Corporation 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 state of exploration of such properties, these procedures do not guarantee the Corporation’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory, social and environmental requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

4. Summary of Significant Accounting Policies

(a) Statement of compliance

The accounting policies applied in these consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of May 5, 2020, the date the Board of Directors approved these financial statements. The policies set out below have been consistently applied to all periods presented unless otherwise noted.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Corporation’s accounting policies. See *Note 5*.

(b) Basis of preparation

The consolidated financial statements are presented in Canadian dollars and are prepared on the historical cost basis. In addition, these consolidated financial statements are prepared using the accrual basis of accounting except for cash flow information.

(c) Accounting standards and interpretations issued but not yet adopted

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

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.

(d) Foreign currencies

The Corporation and its subsidiaries consider the Canadian dollar to be their functional currency of their primary operations. Transactions in foreign currencies are translated into the currency of measurement at the exchange rates in effect on the transaction date. Monetary statement of financial position items expressed in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the statement of financial position date. The resulting exchange gains and losses are recognized in profit or loss. The Corporation’s presentation currency is the Canadian dollar.

(e) Cash

Cash includes cash on hand and balances with banks. Deposits are held in a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank.

(f) Property, plant and equipment and amortization

Property, plant and equipment are carried at cost, less accumulated amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the assets to a working condition for their intended use, the initial estimate of the rehabilitation provisions, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

value of any other consideration given to acquire the asset. Where an item of property, plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment. The property, plant and equipment noted below are amortized over their estimated useful lives using the following annual rates and methods. The assets' residual values, useful lives and methods of amortization are reviewed at each reporting period and adjusted prospectively if appropriate.

- Office furniture and equipment 20% declining balance
- Computer equipment 30% declining balance
- Vehicles 30% declining balance
- Field equipment 20% declining balance
- Camp and buildings 20% declining balance

Amortization of property, plant and equipment related to exploration activities has been capitalized to exploration and evaluation costs.

Property, plant and equipment are derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of loss and comprehensive loss.

(g) Exploration properties and exploration and evaluation assets

The Corporation capitalizes all exploration costs which include the acquisition of land, property rights, licenses and all costs associated with exploration and evaluations. Exploration properties are recorded at the direct cost of acquisition. Costs include the cash consideration and the fair market value of the shares issued for the acquisition of exploration properties. Exploration and evaluation assets represent the costs incurred in conducting exploration work for unknown or unproven ore deposits. Exploration and evaluation assets are reclassified to "property, plant and equipment, construction in progress" when the technical feasibility and commercial viability of extracting a mineral reserve are demonstrable. Exploration and evaluation assets are assessed for impairment, and the impairment loss, if any, is recognized before reclassification to construction in progress. Exploration and evaluation assets associated with projects that prove to be economically unviable are written off. Proceeds derived from the full or partial disposal of interests in properties are credited against the carrying cost of the related property. Costs incurred before the Corporation has obtained the legal rights to explore are recognized as an expense in the consolidated statements of loss and comprehensive loss.

The amounts shown for both exploration properties and exploration and evaluation assets represent costs incurred to date and do not necessarily reflect present or future values.

(h) Restoration, rehabilitation and environmental obligations

A provision is recognized in the statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The increase in provisions for restoration, rehabilitation and environmental obligations due to the passage of time is charged to the consolidated statements of loss and comprehensive loss as a finance cost. The Corporation did not have any material restoration, rehabilitation and environmental obligations as of December 31, 2019 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

(i) Taxation

Current tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

(j) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Corporation after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs. Proceeds from unit financings are allocated between shares and warrants based on their relative fair values. The grant date fair value of the warrants issued are reflected in the reserve for warrants account until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount recorded is transferred to deficit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

(k) Share-based compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note, *Note 9*.

The fair value is measured at grant date and each tranche is recognized on a graded vesting basis over the period in which the options vest. At the end of each reporting period, the Corporation revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the reserve for share-based payments.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Charges for options that are forfeited before vesting are reversed from share-based payment reserve. For those options that expire or are cancelled after vesting, the recorded value is transferred to deficit.

(l) Impairment of non-financial assets

At each statement of financial position reporting date, the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For the purposes of impairment testing, exploration properties and exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

(m) Financial assets and liabilities

The Corporation's financial assets and liabilities include cash, other receivables, other financial assets, accounts payable and accrued liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

	Financial instrument classification Under IFRS 9
Financial assets	
Cash	Amortized cost
Other receivables	Amortized cost
Other financial assets	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost

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 fair value through profit and loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Corporation determines the classification of financial assets at the time of initial recognition based on the Corporation’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 Corporation becomes a party to the contractual provisions of the instrument.

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. The EIR amortization is included in finance income in the consolidated statements of loss and comprehensive loss.

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 and comprehensive loss. The Corporation does not measure any 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 Corporation has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Corporation 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 loss in the consolidated statements of loss and comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive loss and is not reclassified to profit or loss.

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

Derecognition

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

Impairment of financial assets

The Corporation's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Corporation 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, accounts 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 Corporation has opted to measure the financial liability at FVPL. The Corporation's financial liabilities include accounts payable and accrued liabilities, 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. The EIR amortization is included in finance cost in the consolidated statements of loss and comprehensive loss.

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 and comprehensive loss.

(n) Investment income

Investment income on cash is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. The proceeds from options granted on exploration properties are credited to the cost of the related property, but where the proceeds exceed the property's carrying value, any excess proceeds are credited to profit or loss.

(o) Financing expense

Financing expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(p) Other comprehensive income or loss

Other comprehensive income or loss includes unrealized gains and losses on FVOCI investments, gains and losses on certain derivative instruments, none of which are included in the calculation of net income until realized. During the years ended December 31, 2019 and 2018, the Corporation did not have any FVOCI investments or derivative instruments.

(q) Income or loss per share

Basic income or loss per share is calculated by dividing the income or loss attributed to shareholders for the period by the weighted average number of shares outstanding in the period. Diluted income or loss per share is calculated by

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. This method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

(r) Segment reporting

A segment is a component of the Corporation that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Corporation operates in one business segment, mineral exploration, and two geographical segments, Canada and the Dominican Republic, during the years ended December 31, 2019 and 2018.

(s) New standards and amendments adopted

IFRS 16 – Leases (“IFRS 16”) replaces IAS 17, Leases (“IAS 17”). The new model requires the recognition of almost all lease contracts on a lessee’s statement of financial position as a lease liability reflecting future lease payments and a ‘right-of-use asset’ with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. The Company has applied IFRS 16 with an initial application date of January 1, 2019 in accordance with the transitional provisions specified in IFRS 16.

The Company has applied the following practical expedients:

- (i) The Company applied the modified retrospective approach, with the cumulative effect of initially applying the standard as an adjustment to deficit and no restatement of comparative information.
- (ii) On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17, and IFRIC 4, determining whether an arrangement contains a lease, were not reassessed for whether there is a lease. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.
- (iii) Upon adoption, the Company has elected to apply the available exemptions for short-term leases and leases of low-value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of the initial application would be accounted for in the same way as short-term leases.

In consideration of the application of the practical expedients available, the Company determined that no lease liabilities and right-of-use assets were to be recognized at January 1, 2019 or December 31, 2019.

5. Significant Accounting Judgments and Estimates

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

- i. the recoverability of exploration properties and exploration and evaluation assets that are included in the consolidated statements of financial position.

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits. In making this judgement, management has assessed various sources of information which may include but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See *Note 7* for details of capitalized exploration and evaluation costs.

Impairment of exploration properties and exploration and evaluation assets

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

- ii. the inputs used in accounting for share-based payment expense. 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 behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates;
- iii. the nil provision for restoration, rehabilitation and environmental obligations which is included in the consolidated statement of financial position. Decommissioning, restoration and similar liabilities are estimated based on the Corporation'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 decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine or restoration of the property. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities;
- iv. the estimated useful life of property, plant and equipment;
- v. the Corporation is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Corporation'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 Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Corporation's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Corporation'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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

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; and

- vi. the existence and estimated amount of contingencies (*Note 16*).

6. Property, Plant and Equipment

Cost	Land	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
Balance December 31, 2017	\$ 13,771	\$ 113,749	\$ 51,757	\$ 1,396,042	\$ 328,645	\$ 1,903,964
Additions	–	–	–	–	–	–
Disposals/transfer	–	(113,749)	–	(594,044)	–	(707,793)
Balance December 31, 2018	\$ 13,771	\$ –	\$ 51,757	\$ 801,998	\$ 328,645	\$ 1,196,171
Balance December 31, 2019	\$ 13,771	\$ –	\$ 51,757	\$ 801,998	\$ 328,645	\$ 1,196,171

Amortization and impairment	Land	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
Balance December 31, 2017	\$ –	\$ 95,017	\$ 44,170	\$ 1,089,051	\$ 232,103	\$ 1,460,341
Amortization	–	–	2,276	47,204	19,310	68,790
Disposals/transfer	–	(95,017)	–	(523,073)	–	(618,090)
Balance December 31, 2018	\$ –	\$ –	\$ 46,446	\$ 613,182	\$ 251,413	\$ 911,041
Amortization	–	–	1,592	37,764	15,448	54,804
Balance December 31, 2019	\$ –	\$ –	\$ 48,038	\$ 650,946	\$ 266,861	\$ 965,845

Carrying amounts	Land	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
At December 31, 2018	\$ 13,771	\$ –	\$ 5,311	\$ 188,816	\$ 77,232	\$ 285,130
At December 31, 2019	\$ 13,771	\$ –	\$ 3,719	\$ 151,052	\$ 61,784	\$ 230,326

Vehicles, field equipment and camp and buildings relate to the Corporation's exploration activities. During the year ended December 31, 2019, \$54,804 (2018 – \$68,790) of amortization was charged to exploration and evaluation assets.

7. Exploration Properties and Exploration and Evaluation Assets

Exploration properties and exploration and evaluation assets consist of the following:

	Balance December 31, 2017	2018 Additions/ (Impairment)	Balance December 31, 2018	2019 Additions/ (Impairment)	Balance December 31, 2019
Exploration property interests					
Neita, Dominican Republic	\$ 283,747	\$ –	\$ 283,747	\$ –	\$ 283,747
Exploration and evaluation assets					
Neita, Dominican Republic	\$ 39,610,247	\$ 597,738	\$ 40,207,985	\$ 1,552,985	\$ 41,760,970

Neita Property

The Corporation owns 100% of the exploration rights for gold, silver, zinc, copper and all associated minerals on the Neita Property ("Neita") in the northwestern Dominican Republic, as well as a sole and exclusive option for the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

commercial mining of the mineral deposits. During the year ended December 31, 2019, \$54,804 (2018 – \$68,790) of amortization was capitalized to exploration and evaluation assets. See Note 16(f)(iii) regarding net smelter return commitment.

On May 22, 2018, Unigold announced that the Ministry of Energy and Mines of the Dominican Republic has granted the Corporation the Neita Fase II Exploration Concession. The Concession is valid for a three-year period after which there is a possibility of two additional one-year extensions. On November 2, 2018, Unigold announced that the environmental permit for exploration on Neita had been approved by the Ministry of the Environment of the Dominican Republic. The permit is valid for a two-year period. The property is subject to ongoing renewal and application processes. Should renewals and applications not be granted, the exploration property and exploration and evaluation assets may be impaired.

8. Equity Attributable to Equity Holders of the Corporation

(a) Common shares

Authorized, issued and outstanding shares

Common shares, no par value, authorized unlimited number of common shares, issued and outstanding were 78,021,309 shares as at December 31, 2019 (2018 – 45,671,309).

On September 19, 2019 Unigold closed a non-brokered private placement of 32,350,000 units of the Corporation (the "Units") at a price of \$0.10 per Unit for gross proceeds of \$3,235,000 (the "Offering"). Each Unit consisted of one common share of the Corporation (a "Common Share") and one-half common share purchase warrant (a "Warrant").

	Year ended December 31, 2019		Year ended December 31, 2018	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance, beginning of year	45,671,309	57,309,839	45,671,309	57,309,839
Private placement	32,350,000	3,235,000	–	–
Share issue costs	–	(169,523)	–	–
Value assigned to warrants	–	(433,007)	–	–
Value assigned to finders warrants	–	(49,959)	–	–
Balance, end of year	78,021,309	59,892,350	45,671,309	57,309,839

(b) Reserve for share purchase warrants

As a result of the private placement financing in May 2016, the Corporation issued 16,000,000 warrants. Each warrant entitled the holder thereof to purchase one common share of the Corporation at an exercise price of \$0.45 at any time prior to May 25, 2018. On May 2, 2018, Unigold announced the expiry date of the warrants was extended until May 25, 2019. The warrants expired unexercised in 2019.

On September 19, 2019 Unigold closed a non-brokered private placement of 32,350,000 units of the Corporation (the "Units") at a price of \$0.10 per Unit for gross proceeds of \$3,235,000 (the "Offering"). Each Unit consisted of one common share of the Corporation and one-half common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.15 until the date that is the earlier of: (i) two years following the date of issue, or (ii) 30 days after the date on which the Corporation gives notice of acceleration, which notice may be provided no earlier than four months and twenty-one days from the date of issue if the closing price of the common shares on a stock exchange in Canada is higher than \$0.30 per common share for more than 20 consecutive trading days. Finder's fees and finder's warrants were paid in connection with the completion of the Offering in accordance with TSX Venture Exchange policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

In connection with the closing of the Offering, the Corporation issued an aggregate of 1,341,000 finder warrants. Each finder warrant entitles the holder thereof to purchase one common share of the Corporation until September 18, 2021 at an exercise price of \$0.10 per finder warrant.

The fair value of the finder warrants issued in this offering was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Warrants	Finder Warrants
Exercise price	\$0.15	\$0.10
Expected life	2 years	2 years
Expected volatility	89.30%	89.30%
Risk-free rate	1.60%	1.60%
Expected annual dividend	Nil	Nil
Grant date fair value	\$0.0287	\$0.0377

At December 31, 2019 and December 31, 2018 the Corporation had share purchase warrants issued as follows:

Exercise Price	2019		2018		Expiry Date
	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life - Years	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life - Years	
–	–	–	16,000,000	0.5	May 25, 2019
0.15	16,175,000	1.7	–	–	September 18, 2021
0.10	1,341,000	1.7	–	–	September 18, 2021
0.14	17,516,000	1.7	16,000,000	0.5	

A summary of share purchase warrants outstanding and changes during the years indicated is presented below:

	Year ended December 31, 2019			Year ended December 31, 2018		
	Number	Weighted average exercise price \$	Weighted average grant date fair value	Number	Weighted average exercise price \$	Weighted average grant date fair value
Balance, beginning of year	16,000,000	0.45	\$ 1,990,736	17,120,000	0.44	\$ 2,150,859
Expired – transferred to deficit	(16,000,000)	0.45	(1,990,736)	(1,120,000)	(0.30)	(160,123)
Warrants	16,175,000	0.15	433,007	–	–	–
Finder warrants	1,341,000	0.10	49,959	–	–	–
Balance, end of year	17,516,000	0.14	\$ 482,966	16,000,000	0.45	\$ 1,990,736

(c) Reserve for share-based payments

A summary of the reserve for share-based payment activity during the years indicated is presented below:

	Year ended December 31, 2019	Year ended December 31, 2018
Balance, beginning of year	\$ 708,338	\$ 1,053,061
Expired – transferred to deficit	–	(344,723)
Issued	427,091	–
Balance, end of year	\$ 1,135,429	\$ 708,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

9. Share - Based Compensation – Employee Stock Option Plan

The Corporation has a stock option plan (the “Plan”), the purpose of which is to attract, retain and motivate management, staff and consultants by providing them with the opportunity, through share options, to acquire a proprietary interest in the Corporation and benefit from its growth. The maximum number of options to be issued under the Plan shall not exceed 10% of the total number of common shares issued and outstanding. The options are non-transferable and may be granted for a term not exceeding five years. The exercise price of the options shall be determined by the Board of Directors on the basis of the market price of the common shares, subject to all applicable regulatory requirements.

A summary of the Plan activity during the years indicated is presented below:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, beginning of year	3,000,000	\$ 0.24	3,490,000	\$ 0.37
Expired	–	–	(490,000)	1.17
Issued	2,550,000	0.20	–	–
Issued	250,000	0.23	–	–
Outstanding, end of year	5,800,000	\$ 0.22	3,000,000	\$ 0.24

During the year ended December 31, 2019, the Company granted 2,800,000 stock options to officers, directors and consultants. The options vested immediately. The grant date fair value of the options was estimated based on the Black-Scholes option-pricing model, using the assumptions below:

	September 25, 2019	December 6, 2019
Grant date	September 25, 2019	December 6, 2019
Number of options	2,550,000	250,000
Exercise price	\$0.20	\$0.23
Expected life	5.0 years	5.0 years
Expected volatility	103.0%	89.3%
Risk-free rate	1.42%	1.42%
Expected annual dividends	\$nil	\$nil
Expected forfeitures	nil	nil
Grant date fair value	\$0.152	\$0.159

As at December 31, 2019, the Corporation had stock options issued to directors, officers, employees and consultants of the Corporation as follows:

Exercise Price	2019			2018			Expiry Date
	Number of Options Outstanding	Weighted Average Remaining Contractual Life - Years	Number of Options Exercisable	Number of Options Outstanding	Weighted Average Remaining Contractual Life - Years	Number of Options Exercisable	
\$ 0.10	1,350,000	0.8	1,350,000	1,350,000	1.8	1,350,000	Sep. 30,2020
\$ 0.35	1,650,000	1.5	1,650,000	1,650,000	2.5	1,650,000	June 22,2021
\$ 0.20	2,550,000	4.7	2,550,000	–	–	–	Sep. 25,2024
\$ 0.23	250,000	4.9	250,000	–	–	–	Dec. 6,2024
\$ 0.22	5,800,000	2.9	5,800,000	3,000,000	2.2	3,000,000	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

No options were granted in 2018. As at December 31, 2019, there are 2,002,131 options available for grant (2018 – 1,567,131). During the years ended December 31, 2019 and 2018, share-based compensation expense of \$311,301 (2018 – \$nil) was recorded. The weighted average exercise price of stock options exercisable at December 31, 2019 was \$0.22 (2018 – \$0.24).

10. Net Loss per Share

For the years ended December 31, 2019 and 2018, the outstanding stock options and warrants were not included in the computation of the diluted net loss per share because the effect was anti-dilutive.

Years ended December 31,	2019	2018
Loss attributable to shareholders	\$ (1,052,465)	\$ (610,415)
Weighted average number of shares-basic	54,800,213	45,671,309
Basic loss per common share	\$ (0.02)	\$ (0.01)
Incremental shares on assumed exercise of options and warrants	–	–
Weighted average number of shares-diluted	54,800,213	45,671,309
Diluted loss per common share	\$ (0.02)	\$ (0.01)

11. Compensation

The compensation expense of the Corporation for the years ended December 31, 2019 and 2018 was as follows:

	2019	2018
Salaries and non-wage costs	\$ 304,386	\$ 157,355
Directors' fees	145,000	140,000
Share-based compensation	311,301	–
	\$ 760,687	\$ 297,355

In 2018, directors' fees of \$35,000 were accrued but not paid. These fees were paid in 2019.

12. Related Party Transactions

The Corporation's related parties as defined by IAS 24, *Related Party Disclosures*, include the Corporation's subsidiaries (*Note 1*), the Board of Directors, close family members and enterprises which are controlled by these individuals and key management as well as certain persons performing similar functions. The key managers working for Unigold are independent contractors. The remuneration of directors and key management of the Corporation for the years ended December 31, 2019 and 2018 was as follows:

Year ended December 31,	2019	2018
Salary, consulting and directors' fees	\$ 686,574	\$ 325,562
Share-based compensation	387,228	–
Aggregate compensation	\$ 1,073,802	\$ 325,562

Included in the accounts for the years ended December 31, 2019 and 2018 are payments made to officers, directors and corporations under the control or significant influence of officers and directors of the Corporation as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

Year ended December 31,	2019	2018
Management services fees paid to corporations controlled by or under significant influence of an officer or director of the Corporation (W. Hanson)	\$ 254,024	\$ 39,337
Directors' fees	145,000	140,000
Professional fees paid to officers or directors (J. Del Campo, J. Green, W. Hanson, J. Hamilton)	287,550	146,225
	\$ 686,574	\$ 325,562

The payments made to officers, directors and corporations under the control or significant influence of officers and directors of the Corporation are included in aggregate compensation. Included in accounts payable and accrued liabilities for 2018 were directors' fees of \$35,000.

13. Financial Risk Management

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures during 2019 and 2018.

(a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to cash and other receivables.

Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss to be minimal.

Financial instruments included in other receivables consist of sales tax due from the Federal Government of Canada. Other receivables are in good standing as of December 31, 2019. Management believes that the credit risk concentration with respect to financial instruments included in other receivables is minimal.

(b) Liquidity risk

The Corporation has in place a planning and budgeting process to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis and its capital, administrative, and exploration and evaluation expenditures. The Corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

As at December 31, 2019, the Corporation has working capital of \$1,369,434 (2018 – \$427,512). As of December 31, 2019, the Corporation has cash balances of \$1,372,210 (2018 – \$549,412) to settle current accounts payable and accrued liabilities of \$94,663 (2018 – \$156,955). The Corporation's other current assets consist of other receivables of \$23,638 (2018 – \$12,668) and other financial assets and prepaids of \$68,249 (2018 – \$22,387).

(c) Market risk

At the present time, the Corporation does not hold any interest in a mining property that is in production. The Corporation's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Corporation is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Corporation's control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

(d) Foreign exchange risk

The Corporation's financings are in Canadian dollars. Certain of the Corporation's transactions with its subsidiary, Unigold Dominicana, S.R.L. are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates. The Corporation is therefore subject to foreign exchange risk. As at December 31, 2019, the Corporation had cash balances denominated in United States dollars ("U.S. \$") of \$42,821 (2018 – \$21,104). U.S. \$ payables as at December 31, 2019 were \$19,034 (2018 – \$nil).

Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have resulted in a significant fluctuation in the loss for the year ended December 31, 2019. The Corporation does not undertake currency hedging activities to mitigate its foreign currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's current policy is to earn interest on investment-grade short-term deposit certificates issued by its financial institutions. The Corporation periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. As of December 31, 2019, interest rate risk is minimal since the Corporation has no interest-bearing debt instruments.

A sensitivity analysis has determined that an interest rate fluctuation of 1% would not have resulted in significant fluctuation in the interest income during the year ended December 31, 2019.

(f) Fair value of financial assets and liabilities

Fair value estimates are made at the statement of financial position 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 judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The book values of cash, other receivables, and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments.

The following is a summary of the Corporation's financial instruments as at December 31, 2019 and 2018:

	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	\$ 1,372,210	\$ 1,372,210	\$ 549,412	\$ 549,412
Other receivables	23,638	23,638	12,668	12,668
Accounts payable and accrued liabilities	94,663	94,663	156,955	156,955

14. Capital Risk Management

The Corporation considers its capital structure to consist of equity attributable to shareholders of the Corporation which at December 31, 2019 was \$43,641,646 (2018 – \$41,201,543). The Corporation manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration and corporate activities.

The Corporation's objective when managing capital is to safeguard the Corporation's ability to continue as a going concern in order to pursue the exploration of its exploration properties and maximize shareholder returns. The

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

Corporation satisfies its capital requirements through careful management of its cash resources and by utilizing its existing credit facility or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets.

Management reviews its capital management approach on an ongoing basis. The Corporation and its subsidiaries are not subject to externally imposed capital requirements other than the capital requirements of the TSX Venture Exchange 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 Corporation is compliant with Policy 2.5 of the TSX Venture Exchange.

15. Supplemental Information Pertaining to Cash Flows

Year ended December 31,	2019	2018
Change in accrued exploration and evaluation assets	\$ (53,905)	87,894
Amortization included in exploration and evaluation assets (<i>Note 7</i>)	54,804	68,790
Share-based compensation charged to exploration and evaluation assets	115,700	–

16. Commitments and Contingencies**(a) Legal proceedings**

The Corporation and its entities are party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, on final disposition, could have a material adverse effect on the financial position of the Corporation.

(b) Environmental matters

The Corporation's 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 Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Corporation has operated in the mineral exploration industry in the Dominican Republic for many years. The enforcement of environmental regulation in the Dominican Republic is evolving and the enforcement posture of government authorities is continually being reconsidered. The Corporation periodically evaluates its obligations under environmental regulations.

(c) Guarantees

The Corporation has no guarantees outstanding.

(d) Contingencies

The Corporation is a party to certain employment contracts. These contracts contain clauses requiring that up to \$250,000 be paid on termination for other than cause. The Dominican Republic has laws requiring payments of approximately \$104,000 if those employees are terminated. As the triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

(e) Operating contractual obligations

Minimum contractual payments over the next five years are estimated as follows:

Year	Total	2020	2021	2022	2023	2024
Office lease	\$ 4,000	\$ 4,000	\$ –	\$ –	\$ –	\$ –
Services	118,000	118,000	–	–	–	–
Exploration program	20,000	20,000	–	–	–	–
	\$ 142,000	\$ 142,000	\$ –	\$ –	\$ –	\$ –

The Corporation has entered into leases for office premises. In the Dominican Republic, the lease has a life of one year (December 31, 2018 – one year). The cost is capitalized as Exploration and Evaluation cost. There are no restrictions placed upon the lessee by entering into these leases. In Canada, the Corporation sub-leases based on a month-to-month basis. Payments recognized as an expense were as follows:

Year ended December 31,	2019	2018
Lease payments	\$ 4,600	\$ 6,400

Non-cancellable operating lease commitment as at:

	December 31, 2019	December 31, 2018
Within one year	\$ 4,000	\$ 2,500
After one year but not more than five years	–	–
More than five years	–	–

(f) 2015 Private Placement Rights and Options

In connection with the 2015 private placement, an investment agreement was signed which gives Osisko Gold Royalties Ltd. ("Osisko") the following rights:

(i) Participation Right: As long as Osisko holds Unigold common shares equal to at least 10% of the issued and outstanding Unigold shares on a non-diluted basis, Osisko will have the right to participate in future equity financings by Unigold up to a pro rata basis on its non-diluted shareholding at the applicable time. Osisko exercised its right and participated in the Corporation's 2016 and 2019 financings.

(ii) Nomination Right: As long as Osisko holds Unigold shares equal to at least 10% of the issued and outstanding Unigold common shares on a non-diluted basis, Osisko will be entitled to nominate the greater of: (a) two (2) nominees, and (b) the number of nominees obtained by multiplying Osisko's percentage ownership of Unigold shares (on a non-diluted basis) by the number of directors Unigold's management slate of nominees proposed to the Board of Directors (fractional numbers being rounded down to the nearest whole number) at any meeting of shareholders of Unigold.

(iii) Royalty Option: Osisko will be granted an option to purchase a 2% net smelter return ("NSR") royalty on Unigold's Neita property for a consideration of \$2,000,000, exercisable 90 days following the delivery of a feasibility study. Once exercised, Unigold will have the right to repurchase a 1% NSR (being 50% of the 2% NSR held by Osisko) for \$1,000,000 until 90 days following the achievement of commercial production.

(iv) Royalty/Stream Right: As long as Osisko holds Unigold common shares equal to at least 10% of the issued and outstanding Unigold common shares on a non-diluted basis, Osisko will have the right of first refusal over any royalty, stream, forward, off-take, gold loan or other agreement involving the sale of a similar interest in products from properties of Unigold that Unigold proposes to enter into from time to time. In the event that Osisko does not exercise

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

Expressed in Canadian dollars unless otherwise stated.

its right of first refusal, Unigold may thereafter offer such right to a third party on terms no more favourable to such third party than those offered to Osisko.

17. Segmented Information

The Corporation's only activity is mineral exploration and evaluation. All of the Corporation's land, vehicles, field equipment, and camp and buildings (see *Note 6*) are physically located in the Dominican Republic. All of the Corporation's exploration and evaluation activities referred to in *Note 7* relate to properties in the Dominican Republic.

	As at and for the year ended December 31, 2019		
	Canada	Dominican Republic	Total
Assets	\$1,378,493	\$ 42,360,647	\$ 43,739,140
Liabilities	56,636	38,027	94,663
Investment income	4,269	18	4,287
Other expenses	1,034,798	21,954	1,056,752

	As at and for the year ended December 31, 2018		
	Canada	Dominican Republic	Total
Assets	\$ 511,346	\$ 40,849,983	\$ 41,361,329
Liabilities	136,022	20,933	156,955
Investment expense (income)	87	(22)	65
Other expenses	513,565	96,785	610,350

18. Tax Note**(a) Provision for Income Taxes**

Major items causing the Corporation's income tax rate to differ from the 2019 combined Canadian federal and provincial statutory rate of approximately 26.5% (2018 – 26.5%) were as follows:

Years ended December 31,	2019	2018
Loss before income taxes:	\$ (1,052,465)	\$ (610,415)
Expected income tax (recovery) based on statutory rate	(279,000)	(162,000)
Increase (decrease) resulting from:		
Expenses not deductible for tax purposes	8,000	5,000
Other	184,000	(26,000)
Stock-based compensation	82,000	–
Share issue costs	(58,000)	–
Change in benefit of tax assets not recognized	63,000	183,000
	\$ –	\$ –

(b) Deferred Income Tax Balances

Deferred tax assets have not been recognized in respect of the following deductible temporary differences. 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 Corporation can utilize the benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the years ended December 31, 2019 and 2018*

Expressed in Canadian dollars unless otherwise stated.

Years ended December 31,	2019	2018
Non-capital loss carry-forwards	\$ 19,055,000	\$ 18,199,000
Capital loss carry-forwards	6,945,000	7,091,000
Share issue costs	266,000	190,000
Exploration and evaluation assets	2,686,000	2,728,000
Property, plant and equipment	975,000	1,630,000
	\$ 29,927,000	\$ 29,838,000

The Corporation has approximately \$888,000 (2018 – \$888,000) and \$1,795,000 (2018 – \$1,795,000) of Canadian development expenses and Canadian exploration expenditures, respectively, and \$42,047,000 (2018 – \$40,536,000) of foreign exploration expenditures as at December 31, 2019 which, under certain circumstances, may be utilized to reduce taxable income of future years. As at December 31, 2019, the Corporation had available for deduction against future taxable income, non-capital losses in Canada of approximately \$19,055,000 (2018 – \$18,199,000) which expire as follows:

Year of Expiry	Amount
2026	\$ 952,000
2027	1,306,000
2028	665,000
2029	1,399,000
2030	1,630,000
2031	1,731,000
2032	2,481,000
2033	2,386,000
2034	2,026,000
2035	1,065,000
2036	1,147,000
2037	721,000
2038	690,000
2039	856,000
	\$ 19,055,000

In the Dominican Republic, the Corporation's subsidiary is exempt from paying corporate taxes until 2024.

19. Subsequent events**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.