INTERNATIONAL BETHLEHEM MINING CORP.

Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
International Bethlehem Mining Corp.

Opinion

We have audited the accompanying consolidated financial statements of International Bethlehem Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at December 31, 2019, the Company has a working capital deficit of $427,361, a deficit of $15,003,650 and no source of operating cash flow. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Harris.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

May 19, 2020

INTERNATIONAL BETHLEHEM MINING CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at December 31, 2019 and 2018

		2019		2018
ASSETS				
Current				
Cash and cash equivalents	$	3,396	$	7,240
Receivables		6,921		6,686
Marketable securities (Note 4)		-		52,854
Prepaid expenses (Note 6)		3,683		9,434
		14,000		76,214
Reclamation deposits (Note 5)		45,000		45,000
Receivables (Note 10(c))		1		1
	$	59,001	$	121,215
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current				
Accounts payable and accrued liabilities (Note 6)	$	441,361	$	438,403
		441,361		438,403
Shareholders' deficiency				
Capital stock (Note 7)		13,184,063		13,109,063
Reserves		1,437,227		1,437,227
Deficit		(15,003,650)		(14,863,478)
		(382,360)		(317,188)
	$	59,001	$	121,215

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 10)

On behalf of the Board:

"Douglas L. Mason" Director *"Charles Hugh Maddin"* Director

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

INTERNATIONAL BETHLEHEM MINING CORP.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Years ended December 31, 2019 and 2018

	2019	2018
EXPENSES		
Bank charges and interest	$ 1,154	$ 1,260
Consulting fees (Note 6)	50,000	35,750
Insurance	6,537	6,292
Investor relations	-	882
Legal and audit	47,423	51,314
Office and miscellaneous	10,315	13,139
Rent (Note 6)	11,908	23,818
Transfer agent and regulatory fees	11,804	15,403
Wages and benefits	15,318	26,485
	(154,459)	(174,343)
OTHER ITEMS		
Interest income	489	350
Gain (loss) on marketable securities (Note 4)	13,798	(475,688)
Provision for receivables (Note 10c)	-	(260,838)
	14,287	(736,176)
Loss and comprehensive loss for the year	$ (140,172)	$ (910,519)
Basic and diluted loss per share	$ (0.01)	$ (0.05)
Weighted average number of common shares outstanding	20,409,033	19,430,951

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

INTERNATIONAL BETHLEHEM MINING CORP.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Share-based Payment Reserve	Warrant Reserve	Deficit	Total Shareholders' Equity (Deficiency)
Authorized Share Capital:						
Unlimited number of common shares without par value						
Issued:						
Balance, December 31, 2017	**19,430,951**	**$ 13,109,063**	**$ 1,394,427**	**$ 42,800**	**$ (13,952,959)**	**$ 593,331**
Loss for the year	-	-	-	-	(910,519)	(910,519)
Balance, December 31, 2018	**19,430,951**	**13,109,063**	**1,394,427**	**42,800**	**(14,863,478)**	**(317,188)**
Private placement (Note 7)	1,500,000	75,000				75,000
Loss for the year	-	-	-	-	(140,172)	(140,172)
Balance, December 31, 2019	**20,930,951**	**$ 13,184,063**	**$ 1,394,427**	**$ 42,800**	**$ (15,003,650)**	**$ (382,360)**

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

INTERNATIONAL BETHLEHEM MINING CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Years ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (140,172)	$ (910,519)
Loss (gain) on marketable securities	(13,798)	475,688
Provision for receivables	-	260,833
	(153,970)	(173,993)
Changes in non-cash working capital items		
Receivables	(235)	3,712
Prepaid expenses	5,751	(1)
Accounts payable and accrued liabilities	2,958	15,764
Net cash flows used in operating activities	(145,496)	(154,518)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of marketable securities	66,652	-
Net cash flows provided by investing activities	66,652	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	75,000	-
Loan repayments	-	(14,500)
Net cash flows provided by (used in) financing activities	75,000	(14,500)
Change in cash and equivalents during the year	(3,844)	(169,018)
Cash and equivalents, beginning of year	7,240	176,258
Cash and equivalents, end of year	$ 3,396	$ 7,240
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

Supplemental Cash Flow Information (Note 11)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

International Bethlehem Mining Corp. (the "Company") was incorporated April 5, 1995 under the laws of the Province of British Columbia. The Company is engaged in the exploration of mineral resource properties, primarily in Canada.

Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Management believes the Company will be successful at securing additional funding so that its capital resources will be sufficient to carry its operations through the next twelve months and intends to continue the exploration programs on its mineral properties. However, there are several conditions that may cast significant doubt on the Company's ability to continue as a going concern, including that the Company has incurred significant operating losses and accumulated deficits over the past several fiscal years. The Company is unable to self-finance operations in the long term, has a working capital deficit of $427,361 (December 31, 2018 - $362,189), a deficit of $15,003,650 (December 31, 2018 - $14,863,478), limited resources, no source of operating cash flow and no assurances that sufficient funding will be available to conduct further exploration of its mineral property projects. The recoverability of amounts shown for resource properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful. These material uncertainties may cast significant doubt on to the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

The business of exploration and evaluation involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The recoverability of amounts shown for mineral properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

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

2. BASIS OF PREPARATION

Statement of compliance

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

The policies applied in these financial statements are based on IFRS issued and effective as of December 31, 2019. The Board of Directors approved the financial statements for issue on May 19, 2020.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiary's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the impairment of assets, valuation of share-based payments and recognition of deferred tax amounts.

Critical accounting estimates:

a) Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. These estimates will impact the amount of share-based payments recognized.

b) Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a list of significant accounting policies used by the Company.

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, Bethlehem Resources (Nevada) Corp. All significant intercompany transactions and balances have been eliminated.

(b) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the periods presented, the Company does not have any cash equivalents.

(c) Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9 – Financial Instruments.

Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost
An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to

the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs upon obtaining the legal right to explore relating to the acquisition of, exploration for and evaluation of mineral claims and crediting all proceeds received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to an exploration and evaluation asset is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received, or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. At such time as commercial production commences, these costs are reclassified as mining assets and will be charged to operations on a unit-of-production method based on proven and probable reserves.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment at each financial position reporting date. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Although the Company has taken steps to verify the title to exploration and evaluation assets 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 unregistered prior agreements or transfers and title may be affected by undetected defects.

(e) Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's 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 or cash generating unit 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 the statement of loss and comprehensive loss.

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.

(f) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Equity units
The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the issue of units is allocated between common shares and share purchase warrants where the fair value of the common shares is based on the market value on the date of the issuance of the placement and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against common share component.

Flow-through units
The Company will from time to time issue flow-through units to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through unit agreements, these units transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through unit into i) capital stock, ii) a flow-through share premium, equal to the estimated premium if any, which is recognized as a liability, and iii) warrants, if any, using the residual value method. Upon expenses being incurred, the Company derecognizes the liability and recognizes a premium as income.

(g) Share-based payment transactions

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

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. The fair value of the options is accrued and charged either to operations or exploration and evaluation assets, with the offset credit to share-based payment reserve, over the vesting period. If and when the stock options are exercised, the applicable amounts from contributed surplus are transferred to capital stock.

The Black-Scholes option valuation model used by the Company to determine fair values of options and similar financial instruments requires the input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

(h) Earnings (loss) per share

Earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company determines diluted earnings (loss) per share whereby the dilutive effect on earnings (loss) per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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

(j) Provision for site reclamation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of an exploration and evaluation asset. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that are created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. As at December 31, 2019, the Company does not have any significant restoration obligations.

(Expressed in Canadian Dollars)

(k) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events. It is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as interest expense.

(l) New and amended accounting pronouncements

Accounting pronouncements adopted on January 1, 2019

IFRS 16, Leases
In January 2016, the IASB issued IFRS 16, Leases, which would replace IAS 17, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company adopted this standard on January 1, 2019, the date of initial application. The adoption of IFRS 16 did not have an impact on the Company's consolidated financial statements.

4. MARKETABLE SECURITIES

Magnum Goldcorp Inc. – common shares:

Investments are marketable securities comprised of common shares in publicly traded companies as follows:

	2019	2018
Magnum Goldcorp Inc. - Nil common shares (December 31, 2018 – 2,642,707 common shares) [1]	$ -	$ 52,854

[1] The investee company has certain directors in common

5. EXPLORATION AND EVALUATION ASSETS

Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and evaluation is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of the exploration and development on a mineral property, the potential for production on the property may be diminished or negated.

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties are in good standing. However, such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

The Company has entered into agreements to acquire, explore and develop certain mineral properties located in certain regions of Canada. Numerous aboriginal groups are claiming inextinguishable aboriginal title to the lands and resources in these regions, which may include one or more of the mineral claims beneficially owned by the Company. The extent to which any successful aboriginal claim would materially affect the ability of the Company to exploit its mineral properties is not determinable at this time.

Reclamation deposits

As at December 31, 2019, the Company has refundable deposits of $45,000 (December 31, 2018 - $45,000) with the British Columbia Ministry of Mines relating to the Company's former Ground Hog Basin, Cottonbelt and LH properties.

Powell Property

On October 4, 2017, the Company and Rainy Mountain Royalty Corp. ("Rainy Mountain") entered into an option agreement (the "Option Agreement"). Pursuant to the Option Agreement, the Company has been granted the option (the "Option") to acquire an undivided 90% interest in certain mining claims, referred to as the Powell Property, held by Rainy Mountain in Ontario, Canada (the "Property"), on the terms and conditions of the Option Agreement and subject to the approval of the TSX Venture Exchange ("TSX-V"). In order to exercise the Option and acquire an undivided 90% interest in the Property, the Company is required to: (i) issue 2,000,000 common shares to Rainy Mountain; and (ii) incur exploration expenditures in the aggregate amount of $1,000,000 on the Property over a five year period commencing on the date the Exchange approves the Option Agreement. Upon exercise of the Option, the Company and Rainy Mountain will, in good faith, negotiate and enter into a joint venture agreement provided, however; that the Company has the option to purchase the 10% interest retained by Rainy Mountain upon exercise of the Option in full in exchange for 1,000,000 shares of the Company and a 2% net smelter royalty ("NSR") on the Property. The Company has the right to purchase, at any time, half of the NSR for $1,000,000 reducing the NSR to 1%. The Option Agreement is considered to be a non-arm's length transaction. The Company and Rainy Mountain decided to end the Option Agreement during the 2019 fiscal year.

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

(a) As at December 31, 2019, accounts payable and accrued liabilities include $288,193 (December 31, 2018 - $303,470) owing to companies with certain directors in common and companies controlled by certain directors and former directors.

(b) Included in prepaid expenses at December 31, 2019 is $2,000 (December 31, 2018 - $9,000) as a security deposit paid to Waterfront Communications Inc. (a company with certain directors in common), to cover shared payroll and expense recoveries.

(c) The Company entered into a loan agreement, dated April 25, 2014 and revised in April 2017, pursuant to which the lender agreed to loan the Company up to $100,000 for working capital purposes. The loan agreement was provided by a company controlled by a director and each loan advance is for a term of one year with interest at a rate of 1% per month (12% per annum). The Company began the 2018 fiscal year with $14,500 owing and repaid the balance in full in February 2018. No loan bonus shares were issued in connection with these loans.

(d) The Company paid or accrued the following amounts to directors, companies and/or limited partnerships controlled by directors, former directors and/or companies with certain directors in common:

	2019	2018
Consulting fees	$ 48,000	$ 29,000
Interest expense	$ -	$ 219
Rent	$ 11,908	$ 23,818

Key management compensation includes the following:

	2019	2018
Consulting fees	$ 48,000	$ 29,000

(e) The Company reimbursed Waterfront Communications Inc. (a company with certain directors in common) on a cost basis, to cover shared administrative and geological payroll costs in the amount of $15,318 (December 31, 2018 - $26,485) and shared expenses in the amount of $12,511 (December 31, 2018 - $17,478).

7. CAPITAL STOCK

Issuance of shares

During the year ended December 31, 2019:

On May 7, 2019 the Company closed its non-brokered private placement and raised $75,000 by the issuance of 1,500,000 units at a price of $0.05 per unit. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of five years at an exercise price of $0.06 per share.

No shares were issued during the year ended December 31, 2018.

(Expressed in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS

Stock options

Options to purchase common shares have been granted to directors, officers, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. Under the terms of the Company's rolling stock option plan, dated May 28, 2005, the maximum number of common shares issuable shall not exceed 10% of the issued and outstanding shares of the Company at the time the stock options are granted. Vesting of stock options is at the discretion of the Board of Directors at the time the options are granted.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2017 and 2018	**1,100,000**	**$ 0.05**
Expired	(137,000)	0.05
Outstanding and exercisable, December 31, 2019	**963,000**	**$ 0.05**

The following incentive stock options were outstanding:

Expiry Date	Exercise Price	2019	2018
September 22, 2021	$ 0.05	963,000	1,100,000
Outstanding and exercisable		**963,000**	**1,100,000**

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2017 and 2018	**8,080,000**	**$ 0.06**
Issued	1,500,000	$ 0.06
Expired	80,000	0.06
Balance, December 31, 2019	**9,500,000**	**$ 0.06**

The following warrants were exercisable and outstanding:

Expiry Date	Exercise Price	2019	2018
December 21, 2022	$ 0.06	8,000,000	8,080,000
May 7, 2024	$ 0.06	1,500,000	-
Outstanding and exercisable		**9,500,000**	**8,080,000**

(Expressed in Canadian Dollars)

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes as follows:

	2019		2018
Loss before tax	(140,172)	$	(910,519)
Expected income tax (recovery)	(38,000)		(246,000)
Permanent differences	(2,000)		64,000
Change in statutory, foreign tax, foreign exchange rates and other	-		69,000
Share issue costs	-		-
Adjustment to prior years provision versus statutory tax returns	-		11,000
Change in unrecognized deductible temporary differences	40,000		102,000
Total income tax expense (recovery)	-	$	-

The relevant deferred tax balances have been measured at the Company's combined Federal and Provincial (BC) general corporate income tax rate of 27%.

The significant components of the Company's deferred tax assets and liabilities are as follows:

		2019		2018
Deferred tax assets (liabilities)				
Marketable securities	$	-	$	(16,000)
Non-capital losses		-		16,000
Net deferred tax liability	$	-	$	-

The significant components of the Company's unrecognized temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

		2019	Expiry Dates		2018
Temporary Differences					
Exploration and evaluation assets	$	3,789,000	No expiry date	$	3,789,000
Investment tax credit		87,000	2017 to 2033		87,000
Share issue costs		2,000	2021		2,000
Marketable securities		-	No expiry date		357,000
Allowable capital losses		265,000	No expiry date		93,000
Non-capital losses available for future periods		5,030,000	2027 to 2039		4,875,000

10. COMMITMENTS AND CONTINGENCIES

(a) The Company has entered into three 5-year term renewable agreements with companies controlled by two directors and one former director of the Company for the provision of consulting services at a cost of $2,500 per month ($30,000 per annum) for each of the three agreements. If any of such agreements are terminated without cause, or if there is a change in control of the Company, the Company is required to pay $150,000 to such contracted party so affected. Subsequent to December 31, 2019, a director voluntarily resigned and accordingly no fees are owing under the agreement.

(b) The Company has entered into two agreements with certain directors/officers for services rendered in such capacities. If such agreements are terminated without consent of the director/officer or the director/officer resigns within 120 days following a change in control, the Company must pay $50,000 to such director/officer and allow any unvested stock options to vest. Subsequent to December 31, 2019, a director voluntarily resigned and accordingly no fees are owing under the agreement.

(c) The Company was reassessed for certain prior years' taxation filings (principally from 2003 and 2004) by the Canada Revenue Agency ("CRA") pertaining to the renunciation of its flow-through expenditures. Also, individual investors in certain flow-through shares may be impacted by the reassessments. The Company has been assessed taxes of $339,195 and interest and penalties of approximately $311,000 as of December 31, 2019, and CRA is currently withholding approximately $280,000 of the Company's GST and METC refunds. On April 15, 2015, the Company received a Notice of Confirmation from CRA which indicated that CRA had disallowed the Notices of Objection previously filed by the Company. The Company does not believe that the issues raised by the Company in its Notices of Objection were properly addressed by CRA and the Company filed an Appeal to the Tax Court of Canada, consequently no accrual has been made.

Due to delays in attempting to resolve the claim with CRA and the uncertainty with the final outcome, on December 31, 2018 the Company has taken a provision of $260,838 against the receivable leaving a balance of $1. The Company will continue to attempt to collect the receivables with CRA in the future.

11. SUPPLEMENTAL CASH FLOW INFORMATION

There were no non-cash financing or investing transactions during the years ended December 31, 2019 and 2018.

12. CAPITAL MANAGEMENT

The Company's shareholders' equity (deficiency) comprises its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. 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.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations.

(Expressed in Canadian Dollars)

To fund future operations and exploration activities the Company will need to raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the period ended December 31, 2019. The Company is not subject to externally imposed capital requirements.

12. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration, and all assets of the Company are located in Canada.

13. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and cash equivalents and marketable securities as fair value through profit or loss; receivables at amortized cost; and accounts payable and accrued liabilities at amortized cost.

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

The Company's measurement of fair value of financial instruments as at December 31, 2019 and December 31, 2018 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
December 31, 2019				
Cash and cash equivalents	$ 3,396	$ 3,396	$ -	$ -
December 31, 2018				
Cash and cash equivalents	$ 7,240	$ 7,240	$ -	$ -

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

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents and receivables.

Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions. Receivables are due primarily from CRA (Note 10(c)).

Credit risk with respect to receivables has been assessed as low from management, as the Company believes that if successful in its appeal of the reassessments received from the CRA (Note 10(c)) the amounts held by CRA will be refunded.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2019, the Company had accounts payable and accrued liabilities of $441,361 (December 31, 2018 - $438,403). Based on the current funds held as at December 31, 2019, the Company does not have sufficient working capital for the short term and will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital in the long term. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

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

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk since it has sold its investments.

14. SUBSEQENT EVENT

In May 2020, a director loaned $13,000 to the Company. The loan is unsecured and bears interest at 12% per annum.