
Consolidated Financial Statements

Plato Gold Corp.

**For the Years Ended December 31, 2019 and 2018
(Stated in Canadian Dollars)**

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PLATO GOLD CORP

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements were prepared by the management of Plato Gold Corp., reviewed by the Audit Committee of the Board of Directors, and approved by the Board of Directors.

Management is responsible for the preparation of the consolidated financial statements and believes that they fairly represent the Company's financial position and the results of operations in accordance with International Financial Reporting Standards. Management has included amounts in the Company's consolidated financial statements based on estimates, judgments, and policies that it believes reasonable in the circumstances.

To discharge its responsibilities for financial reporting and for the safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the assets are maintained and accounted for in accordance with its policies and that transactions are recorded accurately in the Company's books and records.

"Anthony J. Cohen"

President and CEO

"Greg K. W. Wong"

CFO

Toronto, Ontario
April 22, 2020

Independent Auditor's Report

To the Shareholders of Plato Gold Corp.:

Opinion

We have audited the consolidated financial statements of Plato Gold Corp and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018 and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 audits 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements which indicates that the Company's current liabilities exceeded its current assets by \$404,519 as at December 31, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audits 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 audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report the 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 International Financial Reporting Standards 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Kenneth H. Kustra.

Winnipeg, Manitoba

April 22, 2020

MNP LLP
Chartered Professional Accountants

Plato Gold Corp.

Consolidated Statements of Financial Position
Stated in Canadian dollars

	December 31, 2019	December 31, 2018
Assets		
Current Assets		
Cash	\$ 93,667	\$ 11,674
Other receivables (note 4)	35,250	54,009
Portfolio investments (note 5)	95,660	217,123
	<u>224,577</u>	<u>282,806</u>
Equipment (note 6)	44	62
Mineral Properties and Deferred Exploration Costs (note 7)	<u>1,657,443</u>	<u>1,470,998</u>
	<u>\$ 1,882,064</u>	<u>\$ 1,753,866</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 12)	<u>\$ 629,096</u>	<u>\$ 707,701</u>
Shareholders' Equity		
Share Capital (note 8)	9,154,956	8,730,206
Warrants (note 9)	154,984	154,984
Contributed Surplus	3,456,022	3,403,789
Deficit	(11,486,738)	(11,217,872)
Non-Controlling Interest	(26,256)	(24,942)
	<u>1,252,968</u>	<u>1,046,165</u>
	<u>\$ 1,882,064</u>	<u>\$ 1,753,866</u>

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

Approved on behalf of the Board

_____, Director

"Anthony J. Cohen"

_____, Director

"John H. Paterson"

Plato Gold Corp.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the Year Ended December 31

Stated in Canadian dollars

	2019	2018
Income		
Investment income	\$ 4,096	\$ 4,755
Expenses		
Amortization	18	27
Bad debt expense	20,692	-
Consulting and director fees	700	105,900
Foreign exchange loss	321	-
Insurance	10,103	9,894
Interest and financing fees	1,047	15,915
Office and general	6,882	15,074
Income tax penalty	-	45
Part XII.6 tax (note 14)	53,635	-
Professional fees	90,106	84,316
Publicity and advertising	18,678	72,254
Rent	2,400	3,000
Salaries and benefits	100	96,000
Interest accretion	-	13,392
Share-based compensation (note 10)	52,233	209,818
Transfer and filing fees	29,071	44,451
Write-down of mineral properties (note 7)	52,629	22,120
Less:		
Fair value adjustment on portfolio investments	(1,708)	(66,638)
Realized gain on sale of portfolio investments (note 5)	(62,631)	-
Gain on settlement of debts (notes 12(g), 13)	-	(681,091)
	<u>274,276</u>	<u>(55,523)</u>
Net Income (Loss) and Comprehensive Income (Loss)	<u>\$ (270,180)</u>	<u>\$ 60,278</u>
Attributable to:		
Equity holders of Plato Gold Corp.	(268,866)	63,600
Non-controlling Interest	<u>(1,314)</u>	<u>(3,322)</u>
Income (Loss) per Share - basic and diluted	<u>\$ (0.00)</u>	<u>\$ 0.00</u>
Weighted Average Number of Common Shares Outstanding- basic and diluted	<u>200,839,179</u>	<u>184,129,566</u>

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

Plato Gold Corp.

Consolidated Statements of Changes in Shareholders' Equity

For the Year Ended December 31

Stated in Canadian dollars

	Share Capital					Equity Component of		Non-	
	Shares	Amount	Warrants	Contributed Surplus	Convertible Debentures	Accumulated Deficit	Controlling Interest	Total	
Balance - January 1, 2018	164,707,455	\$ 7,235,377	\$ -	\$ 3,187,275	\$ 85,300	\$ (11,281,472)	\$ (21,620)	\$ (795,140)	
Shares issued from private placement (note 8)	21,042,272	931,656	-	-	-	-	-	931,656	
Warrants issued from private placement (note 9)	-	-	168,419	-	-	-	-	168,419	
Shares and warrants issuance cost (note 8, 9)	-	(44,827)	(13,435)	6,696	-	-	-	(51,566)	
Flow through shares (note 8)	4,000,000	200,000	-	-	-	-	-	200,000	
Shares issued for mineral properties (notes 7(a), 8)	1,150,000	57,500	-	-	-	-	-	57,500	
Shares issued for convertible debts	6,600,000	350,500	-	-	(85,300)	-	-	265,200	
Issuance of stock options (note 10)	-	-	-	209,818	-	-	-	209,818	
Net comprehensive income (loss)	-	-	-	-	-	63,600	(3,322)	60,278	
Balance - December 31, 2018	197,499,727	\$ 8,730,206	\$ 154,984	\$ 3,403,789	\$ -	\$ (11,217,872)	\$ (24,942)	\$ 1,046,165	

	Share Capital				Contributed	Equity Component of	Accumulated	Non-	
	Shares	Amount	Warrants	Surplus	Convertible Debentures	Deficit	Controlling Interest	Total	
Balance - January 1, 2019	197,499,727	\$ 8,730,206	\$ 154,984	\$ 3,403,789	\$ -	\$ (11,217,872)	\$ (24,942)	\$ 1,046,165	
Shares issued from private placement (note 8)	3,500,000	350,000	-	-	-	-	-	350,000	
Shares issued for mineral properties (notes 7(a), 8)	3,450,000	74,750	-	-	-	-	-	74,750	
Issuance of stock option (note 10)	-	-	-	52,233	-	-	-	52,233	
Net comprehensive loss	-	-	-	-	-	(268,866)	(1,314)	(270,180)	
Balance - December 31, 2019	204,449,727	\$ 9,154,956	\$ 154,984	\$ 3,456,022	\$ -	\$ (11,486,738)	\$ (26,256)	\$ 1,252,968	

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

Plato Gold Corp.

Consolidated Statements of Cash Flow
For the Year Ended December 31
Stated in Canadian dollars

	2019	2018
Cash Flows from Operating Activities		
Net comprehensive income (loss)	\$ (270,180)	\$ 60,278
Items not involving cash from operating activities		
Realized gain on sale of portfolio investments	(62,631)	-
Gain on settlement of debts	-	(681,091)
Items not involving cash		
Amortization	18	27
Accretion expense		13,392
Write-down of mineral properties	52,629	22,120
Fair value adjustment on portfolio investments	(1,708)	(66,638)
Share-based compensation	52,233	209,818
	(229,639)	(442,094)
Changes in non-cash working capital		
Other receivables	18,759	(9,091)
Due to a related company	-	(42,000)
Accrued Interest	-	30,000
Accounts payable and accrued liabilities	(78,605)	257,400
	(289,485)	(205,786)
Cash Flows from Financing Activities		
Proceeds from issuance of shares and warrants	350,000	1,100,074
Share and warrant issuance costs	-	(51,565)
Proceed from flow through shares	-	200,000
	350,000	1,248,509
Cash Flows from Investing Activities		
Mineral properties and deferred explorations costs	(164,324)	(1,065,094)
Purchase of portfolio investments	(23,380)	(2,622)
Proceeds on sale of portfolio investments	209,182	-
	21,478	(1,067,716)
Change in cash	81,993	(24,993)
Cash - beginning of year	11,674	36,667
Cash - end of year	\$ 93,667	\$ 11,674

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

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019 and 2018
Stated in Canadian Dollars

1. Nature of Operations

Plato Gold Corp. (the "Company" or "Plato") is an Ontario corporation formed by amalgamation on May 30, 2005. The primary offices are located at 1240 Bay Street, Suite 800, Toronto, Ontario M5R 2A7.

The Company is a public gold and rare minerals exploration company with three projects. The first project, Good Hope Niobium Project consists of a total of 254 claims, consisting of 227 Single Cell Mining Claims and 27 Boundary Cell Mining Claims, and covers an area of approximately 5,100 hectares in Killala Lake Area and Cairngorm Lake Area Townships, northwest of Marathon, Ontario. The second project, the Lolita Project in Santa Cruz, Argentina, includes three adjoining concessions in Southern Argentina, which are held by the Company's 75% owned subsidiary, Winnipeg Minerals S.A. ("WMSA"). The third project, the Timmins Gold Project in Northern Ontario includes four properties (Guibord, Harker, Holloway and Marriott) in what is sometimes referred to as the Harker/Holloway gold camp located east of Timmins.

The Company is in the process of exploring its mineral properties and has not yet determined whether its properties contain economic mineral reserves. The recovery of amounts capitalized under mineral properties and deferred exploration costs is dependent upon the discovery of economically resources or reserves and upon future profitable production or sale of its interests, all of which are uncertain. Consequently, as of December 31, 2019 the Company considers itself to be an exploration and evaluation stage company with respect to these properties.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$11,486,738 as at December 31, 2019. The Company's continued existence is dependent upon its ability to raise additional capital and/or obtaining financing from related parties and develop profitable operations. Management believes that it has the ability to raise the required additional funding. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at December 31, 2019, the Company's current liabilities exceed its current assets by \$404,519. Given the above, the Company has material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

2. Basis of Presentation and Going Concern

The Company's consolidated financial statements reflect the results of operations for the year ended December 31, 2019 and 2018, and the assets, liabilities and shareholders' equity as at December 31, 2019 and 2018.

The consolidated financial statements include the accounts of the Company and its 75% owned subsidiary, Winnipeg Minerals S.A., an Argentinean company. All significant intercompany balances and transactions have been eliminated on consolidation.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019 and 2018
Stated in Canadian Dollars

2. Basis of Presentation and Going Concern (continued)

a) Statement of Compliance

The policies applied in the Company's consolidated financial statements are in accordance with International Financial Reporting Standards ("IFRS") effective as of December 31, 2019 as issued by the International Accounting Standards Board. The date that the Board of Directors approved the statements is April 22, 2020.

The significant accounting policies (note 3) have been applied consistently to all periods presented in these consolidated financial statements.

b) Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

c) Functional and Presentation Currency

Plato Gold Corp.'s and Winnipeg Minerals S.A.'s ("WMSA") functional currency is Canadian Dollars. The consolidated financial statements are presented in Canadian Dollars.

d) Reclassification

Certain amounts in the prior period consolidated statements of cash flow have been reclassified to conform with current period presentation and provide more relevant information. The Company reclassified the following non-cash items in the prior period:

- \$209,818 of share-based compensation from financing activities to operating activities.
- \$57,500 of shares issued for mineral properties from operating activities to investing activities.

These reclassifications had no effect on the reported results of operations.

e) Critical judgments, estimates, and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of operations during the reporting period. Significant estimates and assumptions include those related to the following:

- the recoverability of the carrying value of the resource properties
- management's determination that there is no deferred tax asset recognized in these consolidated financial statements and
- the ability to continue as a going concern
- the value of options and warrants issued by the Company

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019 and 2018
Stated in Canadian Dollars

2. Basis of Presentation and Going Concern (continued)

e) Critical judgments, estimates, and assumptions (continued)

The application of Company's accounting policy for Mineral properties and deferred exploration costs requires judgment to determine whether future economic benefits are probable, from either future development or sale. There is no assurance that the Company has or will have commercially viable resources.

Determining the value of stock options and warrants involves the application of the Black-Scholes option-pricing model which requires the input of highly subjective assumptions that can materially affect the value. Significant estimates and assumptions are required for the following variables in the Black-Scholes option-pricing model:

- Risk-free interest rate: The Company uses the interest rate available for zero coupon government bonds with an equivalent term as at the date of the grant of the stock options and warrants. The risk-free interest rate will vary depending on the grant date and expected term of the stock options and warrants.
- Volatility: The Company uses historical information of its own publicly traded common shares to determine the degree of volatility at the date when the stock options and warrants are granted. The degree of volatility will vary depending on when the stock options and warrants were granted, and the extent of historical information examined.

While management believes that the estimates and assumptions are reasonable, actual results could differ from those estimates.

Management has also used its judgment in determining that the functional currency of the Company and its subsidiary is the Canadian dollar and the state of development of the mineral properties as the exploration stage.

f) Going Concern

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration and development programs and general and administrative expenses, maintain its resource properties, discharge its liabilities as they become due and generate positive cash flows from operations. There is no certainty that the Company will be successful in raising financing given the current condition of the financial markets, and as such there is significant uncertainty the Company will be able to continue as a going concern.

The consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business. Accordingly, these consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used, then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these consolidated financial statements.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019 and 2018
Stated in Canadian Dollars

3. Significant Accounting Policies

The Company's complete accounting policies have been included in the consolidated financial statements for the year ended December 31, 2019. The accounting policies the Company followed in preparing these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements.

a) Foreign Currency Transactions

The Company's consolidated financial statements are presented in Canadian Dollars. Costs are primarily incurred in Canadian Dollars. The Company incurs costs at its Lolita Project in Argentina primarily in US Dollars and Argentine Pesos. Although these transactions are in foreign currencies, the predominant currency of financing and management decisions is the Canadian Dollar, and as such, it is also the Company's functional currency and the functional currency of its subsidiary.

The Company translates monetary assets and liabilities at the rate of exchange in effect at the reporting date and non-monetary assets and liabilities at historical exchange rates. Income and expenses are translated at average rates in the month they occur. Gains and losses on translation are recorded in the statement of income (loss) and comprehensive income (loss).

b) Mineral Properties and Deferred Exploration Costs

The Company records its mineral exploration expenditures at cost. Acquisition costs of resource properties together with direct exploration expenditures thereon are deferred in the accounts starting on the date of acquisition of the property rights. When production is attained, these costs will be amortized on a unit-of-production basis. If the properties are abandoned, sold or considered to be impaired in value, the costs of the properties and related deferred expenses will be written down at that time. When deferred expenditures on individual producing properties exceed the estimated recoverable amount, the properties are written down to the recoverable amount.

Exploration and evaluation expenditures include costs which are directly attributable to acquisition, surveying, geological, geochemical, geophysical, exploratory drilling, land maintenance, sampling and assessing technical feasibility and commercial viability. Management salaries directly related to exploration and evaluation expenditures are not capitalized. These expenditures are capitalized until the technical feasibility and commercial viability of the extraction of mineral reserves in a project is demonstrated. Amounts received from other parties to earn an interest in the Company's resource properties are applied as a reduction of the resource properties. During the exploration period, exploration and evaluation assets are not amortized.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019 and 2018
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

b) Mineral Properties and Deferred Exploration Costs (continued)

All capitalized exploration and evaluation expenditures are monitored for indications of impairment, to ensure that commercial quantities of reserves exist or that exploration activities related to the property are continuing or planned for the future. If an exploration property does not prove viable, all unrecoverable costs associated with the project are expensed. Once a project is determined to be technically feasible and commercially viable and a decision has been made to proceed with development, the relevant exploration and evaluation asset is tested for impairment and the balance is reclassified as a mine development asset which is allocated between property, plant and equipment and intangible assets. All subsequent expenditures to ready the property for production are capitalized within mine development assets, other than those costs related to the construction of property, plant and equipment. Once production has commenced, all costs included in mine development assets are reclassified to mining properties.

Government rebates and option payments received related to exploration are reflected as a reduction of the cost of exploration.

The Company is in the process of exploring and evaluating its mineral properties and has not yet determined the amount of reserves available. On a quarterly basis in connection with quarterly reporting, senior management reviews the carrying amount of mineral properties and deferred exploration and development costs to assess whether there has been any indication of impairment in value.

c) Equipment

Equipment is recorded at cost. Amortization is provided over the estimated useful lives of the assets using the declining-balance method at the following rates per annum:

Computer equipment	30%
Furniture and fixtures	30%

During the year of acquisition, half of the annual amortization is recorded.

d) Flow-Through Shares

The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors.

On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the difference between the current market price of the Company's common shares and the issue price of the flow through share and ii) share capital. When the qualifying resource expenditures are incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019 and 2018
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

e) Revenue Recognition

Revenue is recognized using a single control-based model (the “model”) that applies to contracts with customers and allows the Company to recognize revenue at a point in time or overtime. The model consists of a 5-step analysis of transactions to determine whether, how much, and when revenue is recognized.

Investment income is comprised of dividend and interest income. Interest income is recognized on an accrual basis and to the extent not received at year end, recorded as a receivable. Dividends are recognized as income on the ex-dividend date.

f) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on the differences between the carrying amount of assets and liabilities on the statement of financial position and their corresponding tax value, using the substantively enacted tax rates expected to apply when these temporary differences are reversed. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be realized. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity.

g) Share-Based Payments

The Company accounts for share-based payments to employees using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the options are earned, after taking any expected forfeitures into account. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

Common share purchase warrants, stock options and other equity instruments issued to parties other than employees and as purchase consideration in non-cash transactions are recorded at the fair value of the goods and services received, unless the fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be reliably estimated, then the value is determined by management using the Black-Scholes option pricing model or for shares issued as purchase consideration for mineral property assets is based upon the trading price of those shares on the date that the consideration is transferred.

h) Warrants

Proceeds from unit placements, net of issuance costs, are allocated between shares and warrants issued according to their relative fair value.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019 and 2018
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

i) Decommissioning Liabilities

The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and becoming more restrictive. The fair value of an obligation to incur restoration, rehabilitation and environmental costs is to be recognized when incurred and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

As at December 31, 2019 and 2018, the Company has not incurred and is not committed to any decommissioning obligations in respect of its mineral exploration properties.

j) Income (Loss) Per Share

Income (loss) per share is computed by dividing the net income (loss) for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted income (loss) per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of dilutive options and warrants. There were no dilutive options and warrants outstanding during the year as the Company's average common share stock price during the year was below the exercise price of the outstanding warrants and options.

k) Related Party Transactions

All transactions with related parties are in the normal course of business and are measured at the amount agreed to by the parties involved in the transactions.

l) Cash

Cash include bank deposits and cash held in an investment portfolio. As at December 31, 2019 and 2018, the Company did not have any cash equivalents.

Plato Gold Corp.

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019 and 2018
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

m) Financial Instruments

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”), and amortized cost. Investments in equity instruments are required to be measured by default at FVTPL. IFRS 9 permit entities to elect into an irrevocable option for equity instruments to report changes in fair value in other comprehensive income.

Convertible debentures whereby balances can be converted into equity are treated in accordance with the standard. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognized in profit or loss.

Classification and measurement of financial assets is dependent on the Company’s business model for managing the financial assets and related contractual cash flows.

The following table summarizes the impact on the classification of the Company’s financial assets and liabilities:

Asset/Liability	Classification under IFRS 9
Portfolio investments	FVTPL
Other receivables	Amortized cost
Cash	Amortized cost
Convertible debentures	Amortized cost
Due to a related party	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

ii. Impairment

IFRS 9 has a three-stage expected credit loss (“ECL”) model for determining impairment of financial assets. The expected credit loss model does not require the occurrence of a triggering event before an entity recognizes credit losses. IFRS 9 requires the Company to recognize expected credit losses upon initial recognition of a financial asset and to update the quantum of expected credit losses at the end of each reporting period to reflect changes to credit risk of the financial asset.

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3. Significant Accounting Policies (continued)

m) Financial Instruments (continued)

The Company's financial instruments measured at fair value on the statement of financial position consist of cash and portfolio investments. Cash and portfolio investments are measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Transaction costs are expensed as incurred for financial instruments classified as fair value through profit and loss. For other financial instruments, transaction costs are capitalized on initial recognition.

n) Changes in accounting standards effective January 1, 2019:

IFRS 16 Leases ("IFRS 16") was issued by the IASB in January 2016 and replaces IAS 17, Leases for annual periods beginning on or after January 1, 2019. IFRS 16 specifies the methodology to recognize, measure, present, and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases except for short-term leases and leases with low value assets. A lessee will apply IFRS 16 to its leases either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of applying IFRS 16 being recognized at the date of initial application. The Company adopted the requirements of IFRS 16 effective January 1, 2019. The adoption of IFRS 16 did not have an impact on the financial statements. The Company's only lease is month to month lease for its office. The Company elected to use the short-term lease exemption under the standard and recognize the lease payments as an expense on a straight-line basis. During the year ended December 31, 2019, the Company recognizes short-term lease expense of \$2,400 (2018 - \$3,000).

o) Future Accounting Changes

In October 2018, the International Accounting Standards Board ("IASB") issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition of substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. The Company does not expect the amendments to have a significant impact on the consolidated financial statements upon adoption.

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4. Other Receivables

As at December 31, 2019, other receivables includes HST receivable of \$28,069 (2018 - \$15,907) and other amounts receivable of \$7,181 (2018 - \$38,102). Due to the short-term nature, the carrying amount of the receivables approximates fair value.

5. Portfolio Investments

a) Osisko Mining Inc. (formerly - Northern Gold Mining Inc. and Oban Mining Corporation)

During the year ended December 31, 2019, the Company sold 11,749 shares for gross proceeds of \$40,884 resulting in a realized loss of \$95,733.

As at December 31, 2019, the Company holds a total of Nil (2018 - 11,749) shares of Osisko, with fair value of \$Nil (2018 - \$36,069).

b) Monarques Gold Corporation (formerly Monarques Resources Inc.)

As at December 31, 2019, the Company holds a total of 80,758 (2018 - 80,758) shares of Monarques, with fair value of \$18,170 (2018 - \$19,786).

c) Kirkland Lake Gold Inc. (formerly St. Andrew Goldfields Ltd.)

During the year ended December 31, 2019, the Company sold 3,530 shares for gross proceeds of \$168,298 resulting in a realized gain of \$158,364.

As at December 31, 2019, the Company holds 1,000 (2018 - 4,530) common shares of Kirkland, with fair value of \$57,240 (2018 - \$161,268).

d) Bonterra Resources Inc.

During the year ended December 31, 2019, the Company acquired 9,000 shares of Bonterra Resource Inc. ("Bonterra") for \$23,380.

As at December 31, 2019, the Company holds 9,000 (2018 - Nil) common shares of Bonterra, with fair value of \$20,250 (2018 - \$Nil).

The Company classifies all portfolio investments as Level 1 under the fair value hierarchy. There were no transfers between fair value levels during the year ended December 31, 2019.

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6. Equipment

	Computer Equipment	Furniture and Fixtures	Total
Cost			
Balance - January 1, 2019			
December 31, 2018 and 2019	\$ 2,879	\$ 5,256	\$ 8,135
Accumulated Amortization			
Balance - January 1, 2018	\$ 2,852	\$ 5,194	\$ 8,046
Amortization for the year	8	19	27
Balance - December 31, 2018	2,860	5,213	8,073
Amortization for the year	5	13	18
Balance - December 31, 2019	\$ 2,865	\$ 5,226	\$ 8,091
Net Book Value			
As at December 31, 2018	\$ 19	\$ 43	\$ 62
As at December 31, 2019	\$ 14	\$ 30	\$ 44

7. Mineral Properties and Deferred Exploration Costs

	Good Hope Project	Lolita Project	Timmins Gold Project	Total
Balance - December 31, 2014	\$ -	\$ 316,964	\$ 1,025,067	\$ 1,342,031
Expenditures (recoveries) - January 1, 2015 to December 31, 2017	370,523	42,260	(11,566)	401,217
Write downs - January 1, 2015 to December 31, 2017	-	(359,224)	(1,013,501)	(1,372,725)
Balance - December 31, 2017	\$ 370,523	\$ -	\$ -	\$ 370,523
Acquisition costs	72,534	-	-	72,534
Exploration costs	1,013,813	-	-	1,013,813
Other	14,128	-	22,120	36,248
Total Current expenditures	1,100,475	-	22,120	1,122,595
Write-down of mineral property	-	-	(22,120)	(22,120)
Balance - December 31, 2018	\$ 1,470,998	\$ -	\$ -	\$ 1,470,998

Plato Gold Corp.

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7. Mineral Properties and Deferred Exploration Costs (continued)

	Good Hope Project	Lolita Project	Timmins Gold Project	Total
Balance - December 31, 2018	\$ 1,470,998	\$ -	\$ -	\$ 1,470,998
Acquisition costs	138,312	-	-	138,312
Exploration costs	61,076	-	-	61,076
Other	-	11,440	28,246	39,686
Total Current expenditures	199,388	11,440	28,246	239,074
Write-down of mineral property	(12,943)	(11,440)	(28,246)	(52,629)
Balance - December 31, 2019	\$ 1,657,443	\$ -	\$ -	\$ 1,657,443

a) Good Hope Niobium Project

As announced on August 27, 2019, the Company owns 100% of the Good Hope Niobium claims.

On May 31, 2017, the Company signed two Option Agreements, KL226 Option Agreement and KL37 Option Agreement to acquire 100% interest in the Good Hope Niobium Project in Killala Lake area, near Marathon Ontario.

The Good Hope Niobium Property consists of a total of 254 claims, consisting of 227 Single Cell Mining Claims and 27 Boundary Cell Mining Claims, and covers an area of approximately 5,100 hectares in Killala Lake Area and Cairngorm Lake Area Townships, northwest of Marathon, Ontario. The Good Hope Property is located approximately 45 kilometers northwest of Marathon and 28 km north of Highway 17. The property is readily accessible from Trans-Canada Highway 17 and Dead Horse Road. The Property is also in close proximity to the Hemlo gold mining camp.

For the KL226 Option Agreement, the Company, as the Optionee, will earn in for 100% interest in the KL226 claims upon completion of the following:

i) Total cash payment of \$106,600 as follows:

- i) \$11,600 within 7 days of signing
- ii) \$15,000 within 60 days of TSXV approval
- iii) \$20,000 on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

ii) Total payment of 7,500,000 common shares

- i) 3,500,000 common shares within 15 days of TSXV approval
- ii) 1,000,000 common shares on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

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7. Mineral Properties and Deferred Exploration Costs (continued)

a) Good Hope Niobium Project (continued)

iii) Combined exploration expenditures of \$400,000 on either or both the KL226 and KL37 properties

- i) \$100,000 on or before the 1st anniversary of the TSXV approval
- ii) \$300,000 on or before the 4th anniversary of the TSXV approval

For the KL37 Option Agreement, the Company, as the Optionee, will earn in for 100% interest in the KL37 claims upon completion of the following:

i) Total cash payment of \$2,000 as follows:

- i) \$2,000 within 7 days of signing

ii) Total payment of 1,600,000 common shares

- i) 1,000,000 common shares within 15 days of TSXV approval
- ii) 150,000 common shares on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

iii) Combined exploration expenditures of \$400,000 on either or both the KL226 and KL37 properties

- i) \$100,000 on or before the 1st anniversary of the TSXV approval
- ii) \$300,000 on or before the 4th anniversary of the TSXV approval

For both the KL226 and KL37 Option Agreements

- i) A 3% Net Smelter Return Royalty to Optionors, with first right of refusal for 50% buy back for \$1,500,000.
- ii) A 3% Gross Overriding Royalty from the production of diamonds only to Optionors, with first right of refusal for 50% buy back for \$1,500,000.
- iii) Performance Shares of 1,000,000 common shares to Optionors, if a NI 43101 compliant resource exceeding 100 million tonnes of Nb205/P205 and an additional 2,000,000 common shares to Optionors, upon a positive bankable feasibility study.
- iv) 10% of the sale price or option price in cash or shares to Optionors, if the KL226 or KL37 claims are sold or optioned to a third party.

Prior to the 1st anniversary of the TSXV approval, on May 31, 2018, the Company issued 1,150,000 common shares for the KL37 and KL226 Option Agreements and made cash payment of \$20,000 for the KL226 Option Agreement. As well, exploration expenditures in excess of \$100,000 were made prior to the 1st anniversary.

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7. Mineral Properties and Deferred Exploration Costs (continued)

a) Good Hope Niobium Project (continued)

Prior to the 2nd anniversary of the TSXV approval, on May 22, 2019, the Company issued 1,150,000 common shares for the KL37 and KL226 Option Agreements and made cash payment of \$20,000 for the KL226 Option Agreement.

On August 8, 2019, the Company issued the remaining 2,300,000 common shares and \$40,000 cash payable for the KL37 and KL226 Option Agreements.

On August 27, 2019, the Company announced that it has met all of the terms of the KL37 and KL226 Option Agreements.

b) Lolita Project

On August 27, 2007, the Company entered into an agreement to acquire a 75% interest in the Lolita Property in Argentina. The Company was required to incur US\$50,000 in initial expenditures before June 19, 2009. On June 16, 2009 the parties extended this requirement to December 31, 2009. As of December 31, 2009, the initial expenditures of US\$50,000 (CDN\$50,094) had been met in accordance with the agreement.

Upon completion of the initial expenditures, a Joint Work Program for up to US\$500,000 was jointly developed and financed 75% by the Company and 25% by the other party ("Lhotka"). The agreement allows that Lhotka shall have its Joint Venture interest in the property diluted by 5% for each US\$100,000 in expenditures spent by the Company, if Lhotka declines its portion of the expenditure. Lhotka's interest in the property shall not be reduced to less than 2%, unless otherwise agreed by the parties, and Lhotka is entitled to receive a 2% Net Smelter Royalty ("NSR"). The Company has available an option to purchase the NSR for US\$500,000.

With the completion of the initial expenditures, registration of ownership of the property proceeded in accordance with the Joint Venture Agreement. As of August 9, 2011, Winnipeg Minerals S.A. ("WMSA") was incorporated in Argentina with the Company holding 75% and Lhotka holding 25% of the outstanding shares. The mineral claims were subsequently transferred to WMSA as of November 14, 2011.

With the exception of the amendment on June 16, 2009, there have been no changes to the terms of the option agreement since August 27, 2007.

Expenditures after the initial stage from January 1, 2010 to the incorporation of WMSA in 2011 incurred by the Company were \$179,829. As of the incorporation of WMSA, the total due from Lhotka amounted to CDN \$47,824 and consisted of:

1. 25% of \$179,829 which amounts to \$44,957
2. 25% of the mandatory deposit for shares of \$11,465 which amounts to \$2,867

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7. Mineral Properties and Deferred Exploration Costs (continued)

b) Lolita Project (continued)

The total due in 2011 prior to the incorporation of WMSA is \$47,824. In 2015, the Company reported an allowance of \$23,912 on the total due. Going forward, the Company is reporting a total due of \$23,912 prior to the incorporation of WMSA.

Winnipeg Minerals S.A (“WMSA”).

WMSA was incorporated on August 9, 2011. Since incorporation funding to the Lolita Project consists of loans to WMSA and expenses incurred by the Company which are allocated to the Company (75%) and Lhotka (25%).

As of December 31, 2018, the total loan to WMSA and expenses incurred by the Company after the incorporation of WMSA totals \$120,565 with Plato accounting for \$90,424 (75%) and Lhotka \$30,141 (25%). The Company reported total due from Lhotka at December 31, 2018 of \$50,833.

As of December 31, 2019, the total loaned to WMSA and expenses incurred by the Company after the incorporation of WMSA totals \$131,256 with Plato accounting for \$98,442 (75%) and Lhotka \$32,814 (25%). The Company reported total due from Lhotka at December 31, 2019 of \$53,506.

The option agreement, including the amendment, was in good standing as of December 31, 2019 and there are no breaches of any covenants, terms or conditions in respect thereof.

Pursuant to an impairment analysis performed on the Company’s Lolita property as at December 31, 2015, the Company decided to write down the carrying value of the property totaling \$321,275 to \$Nil. While the Company’s interest in the Lolita project remains unchanged for the year ended December 31, 2019, the Company has determined not to substantiate the carrying value of the properties until there are expenditures by the Company on exploration and evaluation of mineral resources for this property. Accordingly, all costs incurred to date were written off as an impairment loss. Should a valuation analysis be performed in the future such that the estimated recoverable amount of the Lolita property is greater than the carrying amount of \$Nil, the impairment losses recognized in prior years could reverse in part, or in full. In this situation, the carrying amount could be increased to an amount that does not exceed the original carrying amount that would have been determined had no impairment loss been recognized for the Lolita property in prior years. As of December 31, 2019, the Company has incurred and written down \$370,664 of project related costs.

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7. Mineral Properties and Deferred Exploration Costs (continued)

c) Timmins Gold Project

The Timmins Gold Project is comprised of four properties along the DestorPorcupine Fault Zone located east of Timmins. The properties are comprised of 4 leases and 98 claims. The Company holds 100% interest in the Holloway and Marriott Properties. The Company holds 50% interest in the Guibord property with the remaining 50% held by Osisko, of which 10% is beneficially held for Kirland Lake. The Company holds 20% interest in the Harker property with the remaining 80% held by Osisko. The properties are subject to a 2% net smelter royalty held by a former director of the Company.

Pursuant to an impairment analysis performed on the Company's Timmins property as at December 31, 2015, the Company decided to write down the carrying value of the property at December 31, 2015 totaling \$1,010,246 to \$Nil. While the Company's interest in the Timmins project remains unchanged for the year ended December 31, 2019, the Company has determined not to substantiate the carrying value of the properties until there are expenditures by the Company on exploration and evaluation of mineral resources for this property. Accordingly, all costs incurred to date were written off as an impairment loss during the year ended December 31, 2019. Should a valuation analysis be performed in the future such that the estimated recoverable amount of the Timmins property is greater than the carrying amount of \$Nil, the impairment losses recognized in prior years could reverse in part, or in full. In this situation, the carrying amount could be increased to an amount that does not exceed the original carrying amount that would have been determined had no impairment loss been recognized for the Timmins property in prior years. As of December 31, 2019, the Company has incurred and written down \$1,063,867 (2018 - \$1,035,621) of project related costs.

Plato Gold Corp.

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8. Share Capital

a) Authorized:

Unlimited common shares
Unlimited preferred shares

b) Common Shares Issued and Outstanding

	Number	Amount
Balance - January 1, 2018	164,707,455	\$ 7,235,377
Issued for:		
Private placements completed on May 7, 2018 (i)	11,450,000	404,081
Flow-through shares (ii)	4,000,000	200,000
Private placements completed on September 5, 2018 (iii)	9,592,272	527,575
Conversion of convertible debenture	6,600,000	350,500
Option agreements payment (note 7(a))	1,150,000	57,500
Issuance costs	-	(44,827)
Balance - December 31, 2018	197,499,727	\$ 8,730,206
Balance - January 1, 2019	197,499,727	8,730,206
Issued for:		
Option agreement payment (note 7(a)) (iv)	3,450,000	74,750
Private placements completed on July 3, 2019 (v)	3,500,000	350,000
Issuance costs	-	-
Balance - December 31, 2019	204,449,727	\$ 9,154,956

During the year ended December 31, 2018, the following transactions occurred:

(i) During the first quarter the Company initiated a non-brokered private placement to raise funds for the Good Hope Niobium Project. Units were priced at \$0.05 each. Each unit consists of one (1) common share in the capital stock of Plato ("Common Share") and one-half of a common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one common share at a price of \$0.10 per common share until the date which is twenty-four (24) months following the closing date, whereupon the Warrants will expire. If the weighted average trading price of the Company's common shares on the Company's principal stock exchange closes at a minimum of \$0.10 per share for a period of five (5) consecutive trading days, the Company may accelerate the expiry date of the Warrants to the date which is 30 days following the date upon which notice of the accelerated expiry date is provided by the Company to the holders of the Warrants.

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8. Share Capital (continued)

b) Common Shares Issued and Outstanding (continued)

(i) (continued)

On February 20, 2018, the Company completed the first tranche of the offering consisting of the sale of 4,800,000 units for gross proceeds of \$240,000. The Company allocated \$167,496 of the proceeds to common shares and \$72,504 of the proceeds to warrants. The Company incurred issuance cost of \$733 with respect to the first tranche.

On March 16, 2018, the Company completed the second tranche of the offering consisting of the sale of 3,500,000 units for gross proceeds of \$175,000. The company allocated \$122,924 of the proceeds to common shares and \$52,076 of the proceeds to warrants. The Company incurred issuance cost of \$22,944 with respect to the second tranche.

On May 7, 2018, the Company completed the third and final tranche of the non-brokered private placement consisting of 3,150,000 units issued for gross proceeds of \$157,500. The Company allocated \$113,661 of the proceeds to common shares and 43,839 of the proceeds to warrants. The Company incurred issuance cost of \$8,809 with respect to the third and final tranche.

The three closings resulted in an aggregate of 11,450,000 units issued for gross proceeds of \$572,500. The Company incurred total issuance cost of \$32,486 with respect to the three tranches.

(ii) In the second quarter, on May 7, 2018, the Company completed a non-brokered private placement of 4,000,000 Flow-Through common shares at a price of \$0.05 each for total gross proceeds of \$200,000. The Company incurred issuance cost of \$4,966 with respect to the offering.

(iii) In the third quarter, initiated a non-brokered private placement to raise funds for the Good Hope Niobium Project at a unit price of \$0.055 per share.

On August 8, 2018, the Company completed the first tranche of the non-brokered private placement consisting of 5,855,454 common shares issued for gross proceeds of \$322,050. The Company incurred issuance costs of \$4,502 with respect to the first tranche.

On September 5, 2018, the Company completed the second and final tranche of the non-brokered private placement consisting of 3,736,818 common shares issued for gross proceeds of \$205,525. The Company incurred issuance cost of \$2,873 with respect to the second and final tranche.

The two closings resulted in an aggregate of 9,592,272 common shares issued for gross proceeds of \$527,575. The Company incurred issuance cost of \$7,375 with respect to the offering.

The Company used the net proceeds from the offering on the 5,000 metres drill program on the Good Hope Niobium Project and for general working capital purposes.

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8. Share Capital (continued)

b) Common Shares Issued and Outstanding (continued)

During the year ended December 31, 2019, the following transactions occurred:

(iv) On May 22, 2019 the Company issued 1,150,000 common shares pursuant to an Option Agreement. The common share issuance was valued at \$17,250 based on the Company's common share close price of \$0.015 on the date of issuance. On August 8, 2019 the Company issued 2,300,000 common shares pursuant to an Option Agreement. The common share issuance was valued at \$57,500 based on the Company's common share close price of \$0.025 on the date of issuance. See note 7 (a) for more information regarding the Option Agreement and share issuance.

(v) On July 3, 2019, the Company completed a non-brokered private placement of 3,500,000 common shares at a price of \$0.10 each for total gross proceeds of \$350,000.

9. Warrants

a) A summary of the status of the Company's warrants is as follow:

	Number	Amount	Weighted Average Exercise Price
Balance - January 1, 2018	-	\$ -	\$ -
Issued first tranche, February 20, 2018 (i)	2,400,000	72,504	0.10
Issued second tranche, March 16, 2018 (ii)	1,750,000	52,076	0.10
Issued third tranche, May 7, 2018 (iii)	1,575,000	43,838	0.10
Issuance costs (iv)	-	(13,434)	-
Balance - December 31, 2018 and 2019	5,725,000	\$ 154,984	\$ 0.10

(i) The fair value of the Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions for first tranche closed on February 20, 2018.

Expected dividend yield	Nil
Risk-free interest rate	1.78%
Expected life	2 years
Expected volatility	245%
Unit price	\$0.05

(ii) The fair value of the Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions for second tranche closed on March 16, 2018.

Expected dividend yield	Nil
Risk-free interest rate	1.78%
Expected life	2 years
Expected volatility	236%
Unit price	\$0.05

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9. Warrants (continued)

(iii) The fair value of the Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions for third tranche closed on May 7, 2018

Expected dividend yield	Nil
Risk-free interest rate	1.91%
Expected life	2 years
Expected volatility	206%
Unit price	\$0.05

(iv) Issuance costs consist of cash payments and Finders Warrants. Finders Warrants are disclosed in note 9 (b).

During the year ended December 31, 2019, the Company did not issue any warrants and no warrants expired.

b) Finders Warrant

Pursuant to the Finder Agreement, on March 16, 2018 the Corporation granted Finders Warrants equal to 7% of the of the units issued under the offering.

Each Finders warrant will entitle the holder to purchase one Unit, at an exercise price equal to \$0.10 per Warrant Unit for a period of 24 months from the closing date. The Warrants underlying the Units issuable upon exercise of the Finders Warrant will be void and of no value at the Expiry Time.

A summary of changes to Finders Warrant is as follows:

	Number	Amount	Weighted Average Exercise Price
Balance - January 1, 2018	-	\$ -	\$ -
Granted/vested	154,000	6,696	0.10
Balance - December 31, 2018 and 2019	154,000	\$ 6,696	\$ 0.10

All outstanding Finders Warrants have fully vested and are exercisable.

The fair value of the Finders Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.78%
Expected life	2 years
Expected volatility	236%
Stock price	\$0.05

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10. Share-Based Compensation

a) Stock Option Plan

The Board of Directors has adopted a stock option plan for the Company (the “Plan”). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of options granted thereunder may not exceed 10% of the number of issued and outstanding shares at the time of granting the options. Options shall expire no later than ten years after the date of grant.

The exercise price of options granted pursuant to the Plan shall be established based on the average closing price of the shares for the five days prior to the date of grant or such other method of pricing as may be acceptable to the stock exchange on which the shares are listed. The options shall vest and may be exercised as determined by a resolution of the Board of Directors.

b) A summary of changes to stock options is as follows:

	Number	Weighted Average Exercise Price
Balance -January 1, 2018	4,845,000	\$ 0.10
Granted/vested (i)	6,780,000	0.10
Granted/vested (ii)	300,000	0.10
Expired (iii)	(550,000)	-
Balance -December 31, 2018	<u>11,375,000</u>	<u>\$ 0.10</u>
Granted/vested (iv)	5,250,000	0.10
Expired (v)	(1,045,000)	-
Balance - December 31, 2019	<u>15,580,000</u>	<u>\$ 0.10</u>

All outstanding options have fully vested and are exercisable.

(i) On October 29, 2018, the Company granted 6,780,000 of options to its directors, offices and employees. Each option entitles the holder to acquire one common share of the Company at an exercise price of \$0.10 per share for a period up to 10 years from the date the option was granted. The stock options vest immediately upon grant and are exercisable.

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10. Share-Based Compensation (continued)

b) (continued)

The Company recorded share-based compensation expense of \$203,214 on the consolidated statement of income (loss) and comprehensive income (loss) for the 6,780,000 stock options granted. The fair value of the options granted was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	2.39%
Expected life	10 years
Expected volatility	218%
Stock price	\$0.03

(ii) On October 29, 2018, the Company granted 300,000 of options to consultants. Each option entitles the holder to acquire one common share of the Company at an exercise price of \$0.10 per share for a period up to 2 years from the date the option was granted. The stock options vest immediately upon grant and are exercisable.

The Company recorded share-based compensation expense of \$6,604 on the consolidated statement of income (loss) and comprehensive income (loss) for the 300,000 stock options granted. The fair value of the options granted was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	2.23%
Expected life	2 years
Expected volatility	200%
Stock price	\$0.03

(iii) One of the Company's directors retired on June 12, 2018 and 550,000 options expired on September 10, 2018

(iv) On April 23, 2019, the Company granted 5,250,000 options to its directors, officers, employees and consultants. Each option entitles the holder to acquire one common share of the Company at an exercise price of \$0.10 per share for a period up to 10 years from the date the option was granted. The stock options vest immediately upon grant and are fully exercisable.

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10. Share-Based Compensation (continued)

b) (continued)

The Company recorded share-based compensation expense of \$52,233 on the consolidated statement of loss and comprehensive loss for the 5,250,000 stock options granted. The fair value of the options granted was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.78%
Expected life	10 years
Expected volatility	197%
Stock price	\$0.01

(v) During the year ended December 31, 2019, 500,000 options belonging to a retired employee expired unexercised and additional 545,000 options expired unexercised.

c) As at December 31, 2019 the following options were outstanding and exercisable:

Exercise Price	Number of Options		Expiry Date
	Unvested	Vested	
\$ 0.100	-	1,250,000	April 20, 2020
\$ 0.100	-	300,000	October 29, 2020
\$ 0.100	-	2,150,000	March 29, 2021
\$ 0.100	-	6,630,000	October 29, 2028
\$ 0.100	-	5,250,000	April 23, 2029
	-	15,580,000	

As at December 31, 2018 the following options were outstanding and exercisable:

Exercise Price	Number of Options		Expiry Date
	Unvested	Vested	
\$ 0.100	-	595,000	December 4, 2019
\$ 0.100	-	1,325,000	April 20, 2020
\$ 0.100	-	300,000	October 29, 2020
\$ 0.100	-	2,375,000	March 29, 2021
\$ 0.100	-	6,780,000	October 29, 2028
	-	11,375,000	

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11. Income Taxes

- a) Income tax recovery attributable to the income (loss) differs from the amounts computed by the combined federal and provincial tax rates of 26.50% (2018- 26.50%) to the pre-tax loss as a result of the following for the year ended December 31:

	2019	2018
Income (loss) for the year before income taxes	\$ (270,180)	\$ 60,278
Income tax expense (recovery) computed at statutory rates	(71,598)	15,974
Permanent differences		
Other adjustments	(8,525)	(8,830)
Non-deductible expenses	22,939	55,803
Change in deferred taxes not recognized	57,184	(62,947)
	\$ -	\$ -

- b) The components of deferred tax assets and liabilities as at December 31:

	2019	2018
Deferred tax asset		
Cumulative Canadian exploration expenses	\$ 8,000	\$ 7,000
Deferred tax liability		
Portfolio Investments	(8,000)	(7,000)
Net	\$ -	\$ -

- c) The deductible temporary differences and unused tax losses and credits for which no deferred tax asset is recognized are as at December 31:

	2019	2018
Non-capital loss carryforwards	\$ 5,855,000	\$ 5,972,000
Financing expenses	35,000	47,000
Equipment	4,000	8,000
Earned depletion base	298,000	298,000
Cumulative exploration and development expenses	1,032,000	1,003,000
Investment tax credits	506,000	506,000
Other	34,000	34,000

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11. Income Taxes (continued)

As at December 31, 2019, the Company had non-capital loss carryforwards of approximately \$5,855,000 (2018 - \$5,972,000) which are available to reduce taxable income of future years.

2026	\$ 343,000
2027	700,000
2028	927,000
2029	648,000
2031	685,000
2032	537,000
2033	540,000
2034	346,000
2035	234,000
2036	362,000
2037	343,000
2039	190,000
	<u>\$ 5,855,000</u>

12. Related Party Transactions

During the year ended December 31, 2019, the Company:

- incurred rent of \$2,400 (2018 - \$3,000) with a related company. The Company and the related company have an officer in common. This officer is also a director and shareholder of both companies. As at December 31, 2019, accounts payable and accrued liabilities included \$11,400 (2018 - \$9,000) related to rent payable.
- incurred consulting fees of \$100 (2018 - \$72,000) with the Company's CFO. As at December 31, 2019, accounts payable and accrued liabilities included \$214,080 (2018 - \$228,096) of consulting fees payable to the CFO.
- incurred consulting fees of \$Nil (2018 - \$5,900) with the Company's former Corporate Secretary. As at December 31, 2019, accounts payable and accrued liabilities included \$14,750 (2018 - \$14,750) of consulting fees payable to the former Corporate Secretary.
- incurred consulting fees of \$100 (2018 - \$Nil) with the Company's current Corporate Secretary.
- incurred salaries of \$100 (2018 - \$96,000) with the Company's CEO.
- incurred directors fees of \$500 (2018 - \$28,000). As at December 31, 2019, accounts payable and accrued liabilities included \$43,450 (2018 - \$43,350) of directors' fees payable.
- wrote-off accounts payable and accrued liabilities of \$Nil (2018 - \$681,091) for director fees and salaries owed to an officer and the directors based on an indebtedness forgiveness agreement negotiated and executed with the parties.

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13. Management Compensation

Key management includes all directors (management and non-management directors) and the Chief Financial Officer. The Chief Executive Officer is a management director. The compensation paid or payable to key management for services is shown below:

	2019	2018
Salaries and consulting fees	\$ 300	\$ 173,900
Directors fees	500	28,000
Share-based compensation (note 10)	52,233	209,818
	<u>\$ 53,033</u>	<u>\$ 411,718</u>

During the year ended December 31, 2018, the current five directors, one past director, and the President & CEO agreed to write off the accrued liabilities for the President & CEO's past salary from 2015 to 2018, and directors' fees from 2008 to 2018 totaling \$681,091. This eliminates the amount from Company's accrued liabilities, in exchange for \$4,663 representing the equivalent of \$100 per year, or portion of a year, for each participating director and for the President & CEO, for past services rendered. One past director did not participate and accrued liabilities of \$43,350 for the past directors and \$14,750 for corporate secretary, totaling \$58,100 remain. Accounts payable and accrued liabilities as at December 31, 2019 includes \$58,200 (2018 - \$61,050) payable to these parties.

14. Part XII.6 Tax

During the year ended December 31, 2019, the Company received a notice from the Canada Revenue Agency regarding an amount owing on a Part XII.6 tax reassessment on flow through shares issued in 2007, 2008 and 2009. After deliberations, management made the decision not to object further to the reassessment and entered into an arrangement to repay the \$97,197 assessed.

15. Financial Instruments

a) Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at December 31, 2019, the Company had current assets of \$224,577 (2018 - \$282,806) to settle current liabilities of \$629,096 (2018 - \$707,701). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company has no income and relies on equity financing to support its exploration program. Additional financing is required to fund the related operating expenses required to manage the Company through fiscal 2020. Management prepares budgets and ensures funds are available prior to commencement of any exploration program. During the year ended December 31, 2019, the Company received the majority of its financing through the sale of portfolio investments and from the private placements. During the year ended December 31, 2018, the Company received the majority of its financing from private placements.

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15. Financial Instruments (continued)

b) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk relates to cash and other receivables. Cash is held with a reputable financial institution and is closely monitored by management. Other receivables includes HST receivable of \$28,069 (2018 - \$15,907) and other amounts receivable of \$7,181 (2018 - \$38,102).

c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates and equity prices.

(i) Foreign Exchange Risk

The Company is exposed to financial risk related to foreign exchange rates. The Company operates in Canada and Argentina. A significant change in the currency exchange rates between the Canadian dollar and Argentinean peso could have an effect on the Company's results of operations.

At December 31, 2019, the Company is exposed to currency risk through Argentinean cash expressed in Canadian dollars of \$195 (2018 - \$216). A 10% depreciation or appreciation of the Canadian dollar against the Argentinean peso would result in an increase/decrease of approximately \$19 (2018 - \$16) the Company's consolidated statement of comprehensive income (loss).

(ii) Equity Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's portfolio investments are subject to fair value fluctuations arising from changes in the equity market. At December 31, 2019, should the equity prices of the Company's holdings increase or decrease by 5%, the impact on net loss would be approximately \$4,784 (2018 - \$10,856). Subsequent to the year ended December 31, 2019, the outbreak of COVID-19, as disclosed in note 17b, has caused significant volatility in the equity prices and may cause a drastic decrease in the fair value of the portfolio investments.

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16. Capital Disclosures

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan. At December 31, 2019, the Company's capital consists of shareholders' equity in the amount of \$1,252,968 (2018 - \$1,046,165).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company does not have any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2019.

17. Subsequent Events

a) On January 28, 2020, the Company entered into an Option Agreement to acquire 100% interest in the Pic River PGM Project in Foxtrap Lake and Grain Township, Thunder Bay Mining District, in Ontario. The Optionors are Rudolf Wahl (70%) and Mike Dorval (30%). The Company, as the Optionee, will earn in for 100% interest in the project claims upon completion of the following:

i) Total cash payment of \$125,000 as follows:

- i) \$10,000 to Optionors within 7 days of signing of the Pic River PGM Option Agreement
- ii) \$15,000 to Optionors within 6 months of the TSXV approval
- iii) \$25,000 to the Optionors on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

ii) Total payment of 1,650,000 common shares

- i) 300,000 common shares to Optionors within 15 days of TSXV approval
- ii) 450,000 common shares to Optionors on or before the 1st anniversary of the TSXV approval
- iii) 300,000 common shares to the Optionors on or before the, 2nd, 3rd and 4th anniversary of the TSXV approval

iii) Combined exploration expenditures of \$160,000

- i) \$40,000 on or before the 1st anniversary of the TSXV approval
- ii) \$120,000 on or before the 4th anniversary of the TSXV approval

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17. Subsequent Events (continued)

a) (continued)

In addition, the Pic River PGM Option Agreement includes:

- i) A 3% Net Smelter Return royalty to Optionors, with the first right of refusal for 50% buy back for \$1,500,000.
 - ii) A 3% Gross Overriding royalty from the production of diamonds only to Optionors, with first right of refusal for 50% buy back for \$1,500,000.
 - iii) Performance Shares of 1,000,000 common shares to Optionors, if a NI 43-101 compliant resource exceeding 1 million ounces of platinum equivalent, and an additional 1,000,000 common shares to Optionors, upon a positive bankable feasibility study.
 - iv) 10% of the sale price or option price in cash or shares to Optionors, if the Pic River PGM Project claims are sold or optioned to a third party.
- b) In March 2020, the World Health Organization declared a global pandemic related to the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods, and social distancing have caused material disruption to businesses resulting in a global economic disruption. At the same time, global equity markets have experienced historic volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize domestic economic conditions. The duration and eventual impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

COVID-19 has no physical impact on the mineralization (gold, niobium, platinum, etc.) on the four mineralize properties currently held by the Company. However, COVID-19 does significantly impact the daily operations of the Company, its exploration activities, its ability to access funds in the capital markets and its ability to continue as a going concern, all of which is difficult to determine at this time.