QuestCap Inc.
(formerly Copper One Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended
December 31, 2019 and 2018

(in Canadian dollars)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of QuestCap Inc. (formerly Copper One Inc.)

Opinion

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

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

Basis for opinion

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

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 24, 2020

QuestCap Inc.
(formerly Copper One Inc.)

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
As at

	Note	December 31, 2019	December 31, 2018
ASSETS			
Current assets			
Cash		$ 976	$ 4,379,739
Note and loans receivable	3	1,001,930	-
Public investments at fair value through profit and loss	6	386,036	-
Private investments at fair value through profit and loss	6	380,000	-
Amounts receivable	4,13	313,695	38,374
Prepaid expenses	5,13	217,837	62,913
Total current assets		$ 2,300,474	$ 4,481,026
Other assets			
Exploration and evaluation assets	7	-	$ 100,000
TOTAL ASSETS		$ 2,300,474	$ 4,581,026
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	$ 315,996	$ 35,203
Total liabilities		$ 315,996	$ 35,203
Shareholders' Equity			
Share capital	9	$ 18,922,990	$ 18,922,990
Share-based payments reserves	10	400,214	520,999
Deficit		(17,338,726)	(14,898,166)
Total shareholders' equity		$ 1,984,478	$ 4,545,823
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 2,300,474	$ 4,581,026

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Approved on behalf of the Directors:

"Neil Said"
Director

"Daniyal Baizak"
Director

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

QuestCap Inc.
(formerly Copper One Inc.)
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	For the years ended December 31, 2019	2018
Net investment (loss)		
Realized (loss) on investment	(152,106)	-
Total investment (loss)	(152,106)	-
Other revenue		
Interest income	52,737	17,643
Total other revenue	52,737	17,643
Operating expenses		
Management and consulting fees	$ 1,045,861	$ 474,635
Share-based payments	156,900	-
General office and administration expenses	193,163	86,818
Shareholder communications and filing fees	88,720	67,984
Travel and promotion	665,199	218,373
Accounting and legal	124,518	30,498
Exploration and evaluation expenses	150,000	129,785
Foreign exchange (gain)/loss	94,515	(285,221)
Total operating expenses	$ 2,518,876	$ 722,872
Loss before other items	(2,618,245)	(705,229)
(Loss) on disposition of exploration and evaluation property	(100,000)	(6,333)
Net loss and comprehensive loss for the year	$ (2,718,245)	$ (711,562)
Loss per share		
Basic and diluted	$ (0.08)	$ (0.02)
Weighted average number of shares outstanding:		
Basic and diluted	34,190,109	34,190,109

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

QuestCap Inc.
(formerly Copper One Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Note	For the years ended December 31, 2019	2018
Cash (used in) provided by operations:			
Loss for the year		$ (2,718,245)	$ (711,562)
Items not involving cash:			
Share-based payments	10	156,900	-
Loss on disposition of exploration and evaluation property	7	100,000	6,333
Realized loss on investments	3	152,106	-
		(2,309,239)	(705,229)
Adjustments for:			
Notes and loans issued	3	(1,001,930)	-
Purchase of investments	6	(918,142)	-
Receivables		(275,321)	364,676
Prepaid expenses and deposits		(154,924)	(38,174)
Accounts payable and accrued liabilities		280,793	(5,317)
Net cash (used in) provided by operating activities		$ (4,378,763)	$ (384,044)
Investing activities			
Exploration and evaluation assets	7	-	(75,000)
Net cash (used in) investing activities		$ -	$ (75,000)
Change in cash and cash equivalents		(4,378,763)	(459,044)
Cash and cash equivalents, beginning of year		4,379,739	4,838,783
Cash and cash equivalents, end of year		$ 976	$ 4,379,739
Cash and cash equivalents are comprised of:			
Cash in bank		$ 976	$ 4,379,739

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

QuestCap Inc.
(formerly Copper One Inc.)
Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

				Share-based payments				
	Note	Number of Shares	Share Capital	Options	Warrants	Share-based payments reserve	Deficit	Total
Balance, December 31, 2017		34,190,109	$18,922,990	$ 536,888	$ 1,087,494	$ 1,624,382	$(15,289,987)	$ 5,257,385
Expiry of options	10	-	-	(15,889)	-	(15,889)	15,889	-
Expiry of warrants	10	-	-	-	(1,087,494)	(1,087,494)	1,087,494	-
Net loss for the year		-	-	-	-	-	(711,562)	(711,562)
Balance, December 31, 2018		**34,190,109**	**$18,922,990**	**$ 520,999**	**$ -**	**$ 520,999**	**$(14,898,166)**	**$ 4,545,823**
Balance, December 31, 2018		34,190,109	$18,922,990	$ 520,999	$ -	$ 520,999	$(14,898,166)	$ 4,545,823
Stock options granted	10	-	-	156,900	-	156,900	-	156,900
Expiry of options	10	-	-	(277,685)	-	(277,685)	277,685	-
Net loss for the year		-	-	-	-	-	(2,718,245)	(2,718,245)
Balance, December 31, 2019		**34,190,109**	**$18,922,990**	**$ 400,214**	**$ -**	**$ 400,214**	**$(17,338,726)**	**$ 1,984,478**

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

1. Nature of operations and going concern

QuestCap Inc. (the "Company") operates under the *Canada Business Corporations Act*. The Company completed a change of business to an investment issuer under the rules of the Canadian Securities Exchange ("CSE") on September 4, 2019. The Company makes use of the experience, expertise and opportunity flow of its management and board of directors to opportunistically make investments that the Company believes will provide superior returns. Such investments may include the acquisition of equity, debt or other securities of publicly traded or private companies or other entities. The Company's common shares commenced trading on the CSE under the symbol "QSC" on September 5, 2019 and were delisted from the TSX Venture Exchange effective August 13, 2019. The Company announced the change of its name from "Copper One Inc." to "QuestCap Inc.", following approval by the Company's shareholders on September 25, 2019.

These consolidated financial statements were prepared on a going concern basis of presentation, which contemplates the realization of assets and settlement of liabilities as they become due in the normal course of operations for the next fiscal year. The Company has an accumulated deficit of $17,338,726 and working capital of $1,984,478 as at December 31, 2019, and incurred a net loss totaling $2,718,245 during the year ended December 31, 2019. The Company's current source of operating cash flow is dependent on the marketability of its investments, and there can be no assurances that sufficient funding, including adequate financing, will be available to cover the general and administrative expenses necessary for the maintenance of a public company. The Company's status as a going concern is contingent upon raising the necessary funds through the sale of investments and issuance of equity or debt. Management believes its working capital will be sufficient to support activities for the next 12 months and expects to raise additional funds when required and available. There can be no assurance that funds will be available to the Company under acceptable terms or at all.

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

The consolidated financial statements of the Company for years ended December 31, 2019 and 2018 were reviewed, approved and authorized for issue by the Board of Directors on April 22, 2020. The head office and principal address of the Company is at Suite 805, 65 Queen Street West, Toronto, Ontario M5H 2M5.

2. Significant accounting policies

Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies as set out below were consistently applied to all of the periods presented unless otherwise noted.

2. Significant accounting policies (continued)

Basis of preparation (continued)

These consolidated financial statements have been prepared using the historical cost convention except for certain financial instruments, which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entity. To the extent that subsidiaries provide services that relate to the Company's investment activities, they are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions. All other investments in subsidiaries are not consolidated but are measured at fair value through profit or loss in accordance with IFRS 9.

These consolidated financial statements of fiscal 2018 comprise the financial statements of the Company and its wholly owned subsidiary 7231300 Canada Ltd., incorporated on August 26, 2009. All material intercompany transactions and balances between the Company and its subsidiary have been eliminated on consolidation. Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- *Fair value of investments not quoted in an active market or private company investments*
  Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to Notes 6 and 12 for further details.

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

- *Fair value of financial derivatives*

  Investments in options and warrants which are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are observed at intrinsic value. Refer to Notes 6 and 12 for further details.

- *Fair value/impairment of loans receivable*

  The recoverability of loans receivable is assessed when events occur indicating impairment. Recoverability is based on factors such as failure to pay interest on time and failure to pay the principal. An impairment loss is recognized in the period when it is determined that the carrying amount of the assets will not be recoverable. Convertible debentures and convertible notes issued to publicly traded companies are carried at the higher of the loan receivable value or the fair value of the common shares or units receivable from the conversion assuming the conversion can be done at the Company's option. Refer to Notes 3 and 12 for further details.

- *Impairment of exploration and evaluation assets*

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

- *Share-based payments*

  The Company uses the Black-Scholes option pricing model to fair value options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price of the Company's shares at date of issue, expected dividend yield, expected life, and expected volatility. Certain inputs are estimates which involve considerable judgment and are, or could be, affected by factors that are out of the Company's control. Refer to Note 10 for further details.

- *Investment entity*

  Management has determined that the Company qualifies for the exemption from consolidation given that the Company has the following typical characteristics of an investment entity:

  a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
  b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
  c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

- *Recognition of deferred taxes*
  Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. Refer to Note 14 for further details.

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

- *Contingencies*
  See Note 15.

Functional and presentation currency

The functional currency for each subsidiary within the Company is the currency of the primary economic environment in which it operates. The Company's consolidated financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the Company and its wholly owned subsidiary.

- *Foreign currency translation*
  Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated using historical rates. Revenues and expenses denominated in other than the functional currency are translated at rates of exchange in effect at the time of the transaction. Gains and losses on translation are included in profit (loss).

Financial instruments

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

2. Significant accounting policies (continued)

Financial instruments (continued)

i. *Investments*

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

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

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

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

Publicly-traded investments:

1. Securities, including shares, options and warrants that are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the statement of financial position date or the closing price on the last day the security traded if there were no trades at the statement of financial position date. These are included in Level 1 in Note 12.

2. Securities that are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2 in Note 12.

3. Warrants or options of publicly traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. If no such market inputs are available or reliable, the warrants and options are valued at intrinsic value. These are included in Level 2 in Note 12.

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

2. Significant accounting policies (continued)

Financial instruments (continued)

i. *Investments (continued)*

Privately held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 3 as disclosed in Note 12. Options and warrants of private companies are carried at their intrinsic value.

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

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

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

2. Significant accounting policies (continued)

Financial instruments (continued)

i. *Investments (continued)*

Privately held investments (continued):

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

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

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

Investments in associates:

Investments in associates are those entities over which the Company has or is deemed to have significant influence, but not control over, the financial and operating policies. Investments in associates are held as part of the Company's investment portfolio and carried in the statement of financial position at fair value even though the Company may have significant influence over the companies. This treatment is permitted by IAS 28, Investments in Associates and Joint Ventures ("IAS 28"), which allows investments held by venture capital or similar organizations to be excluded from its scope where those investments are measured at fair value through profit or loss in accordance with IFRS 9, with changes in fair value recognized in the profit (loss) within unrealized gains or losses on investments.

2. Significant accounting policies (continued)

Financial instruments (continued)

i. *Investments (continued)*

Investments in subsidiaries:

As an investment entity, the Company does not consolidate its investments in subsidiaries, except for those subsidiaries providing services that relate to the Company's investment activities. Instead, the investment in a subsidiary is measured at fair value through profit or loss. This treatment is permitted by IFRS 10, Consolidated Financial Statements ("IFRS 10"), which allows investments held by venture capital or similar organizations to be excluded from its scope where those investments are measured at fair value through profit or loss in accordance with IFRS 9, with changes in fair value recognized in profit (loss) within unrealized gains or losses on investments.

Loans receivable:

1. Secured debentures are carried at cost. The recoverability of the secured debentures is assessed when events occur indicating impairment. Recoverability is based on factors such as failure to pay interest on time and failure to pay the principal. An impairment loss is recognized in the period when it is determined that the carrying amount of the assets will not be recoverable. At that time the carrying amount is written down to fair value. Secured debentures are financial instruments classified at amortized cost.

2. Convertible debentures and convertible notes issued from publicly traded companies are carried at the higher of the value of the loan or the fair value of the common shares or units receivable from the conversion assuming the conversion can be done at the Company's option.

   The conversion feature of convertible debentures and convertible notes issued from private companies are carried at nominal value.

i. *Amounts receivable*

Receivables are classified at amortized cost and are initially recorded at the fair value of the amount expected to be received and subsequently measured at amortized cost less any provision for impairment. Individual significant receivables are considered for recoverability when they are past due or when other objective evidence is received that suggests a specific counterparty will default.

ii. *Financial liabilities*

All financial liabilities are classified at amortized cost except for financial derivatives and any financial liabilities from inception classified at fair value through profit or loss. All financial liabilities are recognized initially at fair value plus directly attributable transaction costs except for those designated at fair value through profit and loss.

Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in profit (loss). Financial liabilities at amortized cost are measured at initial cost, plus interest calculated using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

2. Significant accounting policies (continued)

Financial instruments (continued)

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial assets other than investments at fair value

Financial assets that are managed to collect contractual cash flows made up of principal and interest are designated as at amortized cost. All other financial assets are designated as at fair value through profit or loss. All financial assets are recognized initially at fair value plus, in the case of financial assets designated at amortized cost, directly attributable transaction costs. Financial assets at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and cumulative impairment losses.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected loss.

Cash

Cash is comprised of cash on hand and deposits that generally mature within 90 days from the date of acquisition. Deposits are held in Canadian chartered banks or in a financial institution controlled by a Canadian chartered bank.

Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized.

Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in profit (loss) on a trade date basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Dividend income is recorded on the ex-dividend date. Interest income and other income are recorded on an accrual basis. Deferred revenue is recognized over the period for which the revenue is earned. Management fees and advisory and other fees are recorded as income on an accrual basis when earned.

2. Significant accounting policies (continued)

Exploration and evaluation assets

Exploration expenditure relates to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

The cost of exploration properties, which include the cost of acquiring prospective properties and exploration rights are capitalized to exploration and evaluation assets. Exploration costs incurred, subsequent to acquisition, in exploration and evaluation activities, are expensed as incurred and included in the consolidated statement of operations until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mineral properties.

Prior to capitalization to mineral properties, exploration and evaluation assets acquisition costs are first tested for impairment and any impairment loss recognized immediately in the consolidated statements of loss.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity investments at the grant date. Fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve. For options that expire unexercised, the recorded value is transferred to deficit.

Income (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

Taxation

I. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

2. Significant accounting policies (continued)

Taxation (continued)

II. Deferred income tax

Deferred income tax is provided using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

New accounting policies

During the year ended December 31, 2019, the Company adopted the following new IFRS standards, interpretations, amendments and improvements of existing standards.

IFRS 16 - Leases (‘IFRS 16”) replaces IAS 17 - Leases. The new model requires the recognition of almost all lease contracts on a lessee’s statement of financial position as a lease liability reflecting future lease payments and a ‘right-of-use asset’ with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. There was no material impact on the Company’s consolidated financial statements upon adoption of IFRS 16 on January 1, 2019.

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

New accounting policies (continued)

IFRIC 23 – Uncertainty over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment or group of tax treatments that it used or plans to use in its income tax filings. There was no material impact on the Company's consolidated financial statements upon adoption of IFRIC 23 on January 1, 2019.

Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2020 or later. Updates that are not applicable or are not consequential to the Company have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the financial statements.

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

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however, early adoption is permitted.

3. Notes and loans receivable

		December 31, 2019	December 31, 2018
Flora Growth Corp.	Unsecured	$ 682,856	-
Newdene Gold Inc.	Unsecured & convertible	308,721	-
Blue Sky Energy Inc.	Unsecured	10,353	-
OjO Electric LLC	Unsecured & convertible	-	-
		$ 1,001,930	$ -

On August 5, 2019, the Company entered into a loan agreement with Flora Growth Corp. ("Flora") whereby the Company agreed to lend Flora up to US$500,000 ($649,400). Interest is accrued and calculated at a rate of 10% per annum on the principal that has been drawn down, plus any unpaid interest. As at December 31, 2019, $661,789 (USD $509,538) has been drawn down and interest of $21,068 (USD $16,220) has been accrued. The principal and accrued interest was due and payable on demand by the Company. Subsequent to the year end, the loan agreement was repaid in full. Refer to Note 16.

(Expressed in Canadian dollars)

3. Notes and loans receivable (continued)

Deborah Battiston, CFO of the Company, is the CFO of Flora, Stan Bharti, President and CEO of the Company, is the Executive Chairman of Flora, and Fred Leigh, a former director of the Company, is a director of Flora.

On November 12, 2019, the Company entered into a loan agreement with Newdene Gold Inc., whereby the Company agreed to lend $300,000. Interest is accrued and calculated at a rate of 10% per annum, and the loan matures on November 12, 2021. The Company has the option to require that the unpaid principal, together with any unpaid interest, be satisfied by the transfer of 3,000,000 common shares of Routemaster Capital Inc. upon maturity. As at December 31, 2019, the Routemaster Capital Inc. common shares were trading at $0.04 per share, and therefore the fair value of the conversion feature was not greater than the loan balance.

On September 16, 2019, the Company entered into a loan agreement with Blue Sky Energy Inc. ("Blue Sky") whereby the Company agreed to lend Blue Sky $10,000. Interest is accrued and calculated at 12% per annum and is due and payable on demand by the Company. Scott Moore Chairman of the Company is a director of Blue Sky.

On July 24, 2019, the Company entered into a convertible promissory note with OjO Electric LLC ("OjO"), a California limited liability company, for US$400,000 ($523,960). Interest accrued at a rate of 7% per annum. The principal and any accrued interest were to convert automatically in the event OjO closed an equity financing prior to the maturity date. The principal and interest would convert into the number, class and series of securities as those issued by OjO in a qualified equity financing at the conversion price. This note was unsecured.

On October 16, 2019, the note was converted to 772,071 common shares of Last Mile Holdings Ltd. upon the closing of their equity financing and listing on the TSX Venture Exchange under the symbol "OJO". The conversion price included all principal, accrued interest and withholding taxes owed to the Company at the time of conversion. The shares will be held in escrow and released in five tranches at 6-month intervals ranging from October 16, 2019 to October 16, 2021. At the time of conversion, the shares had a market price of $0.50 per share. Consequently, the Company recorded a loss of $152,106 on the statement of loss for the year ended December 31, 2019.

4. Amounts receivable

	December 31, 2019	December 31, 2018
Sales taxes recoverable	$ -	$ 38,374
Other (Note 13)	313,695	-
	$ 313,695	$ 38,374

5. Prepaid expenses

	December 31, 2019	December 31, 2018
Prepaid insurance	$ 23,432	$ 9,450
Prepaid expenses (Note 13)	194,405	53,463
	$ 217,837	$ 62,913

(Expressed in Canadian dollars)

6. Investments at fair value through profit and loss

At December 31, 2019 the Company's investment portfolio consisted of one publicly held investment and one privately held investment for a total fair value of $766,036 (December 31, 2018: $nil).

Public investments

At December 31, 2019, the Company's one publicly traded investment had a total fair value of $386,036 (2018: $nil).

Public Issuer	Security description		Cost		Estimated Fair Value	% of FV
Last Mile Holdings Inc. (form. OjO Electric Corp.)	772,071 common shares	$	386,036	$	386,036	100.0%
Total public investments		$	386,036	$	386,036	100.0%

Refer to Notes 3 and 16.

Private investments

At December 31, 2019, the Company's one privately held investment had a total estimated fair value of $380,000 (2018: $nil).

Private Issuer	Security description		Cost		Estimated Fair Value	% of FV
Varianz Corp.	12,666,667 common shares	$	266,000	$	266,000	70.0%
	12,666,667 warrants	$	114,000	$	114,000	30.0%
Total private investments		$	380,000	$	380,000	100.0%

The Company purchased 12,666,667 subscription receipts ("Subscription Receipts") of Varianz Corp., ("Varianz") at a price of $0.03 per Subscription Receipt. Each Subscription Receipt entitled the Company to receive, one unit of Varianz. Each unit was comprised of one common share of Varianz and one common share purchase warrant exercisable for a period of 24 months from the date of issue, at a price of $0.06 per warrant.

Varianz entered into a binding letter of intent with Savanna Capital Corp. ("Savanna"), a company listed on the TSX Venture Exchange, to complete a reverse takeover of Savanna ("RTO") such that the common shares and warrants of Varianz will be converted into free trading shares and warrants of such publicly listed entity (the "Resulting Issuer") upon the completion of the RTO.

Upon satisfaction of certain release conditions each Subscription Receipt shall be deemed to be exercised, for one unit of Varianz. The unit will immediately be consolidated on a 3.25:1 consolidation ratio basis and the unit will immediately be exchanged pursuant to the RTO, into one unit of the Resulting Issuer (a "Resulting Issuer Unit"). Each Resulting Issuer Unit will be comprised of one common share in the capital of the Resulting Issuer (a "Resulting Issuer Share") and one common share purchase warrant of the Resulting Issuer (a "Resulting Issuer Warrant"). Each Resulting Issuer Warrant shall be exercisable to acquire one Resulting Issuer Share at a price per Resulting Issuer Warrant of $0.195 for a period of 24 months from the issue date of such warrant.

Deborah Battiston, the CFO of the Company, is a director and CFO of Savanna, and Fred Leigh, a former director of the Company, is a director of Savanna. Subsequent to year end, the RTO was cancelled and the full amount of the subscription receipts were returned to the Company.

(Expressed in Canadian dollars)

7. Exploration and evaluation assets and expenditures

	Las Morras Option $	Total $
Balance, December 31, 2017 and 2018	100,000	100,000
Loss on disposition of exploration and evaluation property	(100,000)	(100,000)
Balance, December 31, 2019	-	-

Las Morras option

On November 14, 2017, the Company acquired an option to purchase a 100% interest in the Las Morras gold project (the "Project"), located in the Extremadura region of Spain, from Emerita Resources Corp. ("Emerita") pursuant to a binding letter agreement dated November 10, 2017 (the "Agreement").

Pursuant to the Agreement, Emerita granted the Company an option (the "Option") to acquire a 100% interest in the Project. As consideration for the Option, the Company paid $100,000 in cash. In order to exercise the Option and acquire a 100% interest in the Project, the Company was required to:

- pay $100,000 in cash to Emerita within 24 months of the execution of the Agreement;
- spend $500,000 on exploration activities on the Project within 24 months of the execution of the Agreement;
- pay $250,000 in cash to Emerita within 36 months of the execution of the Agreement;
- spend $1,500,000 on exploration activities on the Project within 48 months of the execution of the Agreement; and
- grant to Emerita a 2% net smelter returns royalty on the Project.

This transaction was at arm's length and the Company did not pay any finder's fees in connection with this transaction.

As of December 31, 2019, the Company spent a cumulative amount of $265,983 on exploration activities related to the Project. The Las Morras option has been terminated and the Company no longer holds any interest in the Project.

8. Accounts payable and accrued liabilities

	December 31, 2019	December 31, 2018
Trade payables	$ 258,011	$ 35,203
Accrued exenses	57,985	-
	$ 315,996	$ 35,203

(Expressed in Canadian dollars)

9. Share capital

Authorized

At December 31, 2019 and 2018, the authorized share capital consisted of an unlimited number of common shares without par value.

Common shares issued

Balance, December 31, 2017 to 2019	**34,190,109**	**$**	**18,922,990**

10. Share-based payments reserve

	Options							Warrants						
	Number of options		Weighted average exercise price		Estimated grant date fair value of options		Number of warrants		Weighted average exercise price		Estimated Grant Date Fair Value of warrants		Total
December 31, 2017	**1,961,800**	**$**	**0.26**	**$**	**536,888**		**19,700,288**	**$**	**0.20**	**$**	**1,087,494**	**$**	**1,624,382**
Expired	(20,000)		1.00		(15,889)		(19,700,288)		0.20		(1,087,494)		(1,103,383)
December 31, 2018	**1,941,800**	**$**	**0.25**	**$**	**520,999**		**-**	**$**	**-**	**$**	**-**	**$**	**520,999**
Granted	1,700,000		0.12		156,900		-		-		-		156,900
Expired	(618,000)		0.39		(277,685)		-		-		-		(277,685)
December 31, 2019	**3,023,800**	**$**	**0.15**	**$**	**400,214**		**-**	**$**	**-**	**$**	**-**	**$**	**400,214**

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the plan will be for a term not to exceed 5 years.

During the year ended December 31, 2019, the Company recorded expired unexercised stock options of $277,685 (December 31, 2018 - $15,889) to deficit.

The following options were in existence at December 31, 2019:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price ($)	Fair value at grant date ($)	Grant date share price ($)	Expected volatility	Expected life (years)	Expected dividend yield	Risk-free interest rate
1,323,800	1,323,800	11-Oct-2016	11-Oct-2021	0.19	243,314	0.19	190%	5	0	0.76%
100,000	100,000	26-Sep-2019	26-Sep-2024	0.05	3,620	0.05	95%	5	0	1.40%
1,600,000	1,600,000	11-Oct-2019	11-Oct-2024	0.125	153,280	0.125	104%	5	0	1.52%
3,023,800	3,023,800				400,214					

10. Share-based payments reserve (continued)

Options issued by the Company are priced using the Black-Scholes option-pricing model. Where relevant, the expected life used in the model is adjusted based on managements' best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. The expected life of the option is calculated based on the history of option exercises. The weighted average remaining contractual life of the options exercisable at December 31, 2019 was 3.5 years (December 31, 2018 – 2.5 years).

On September 26, 2019, the Company granted 100,000 stock options to a director of the Company. The options have an estimated value of $3,620 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 95.3%; risk-free interest rate of 1.40% and an expected average life of 5 years.

On October 11, 2019, the Company granted 1,600,000 to certain directors, officers, and consultants of the Company. The options have an estimated value of $153,280 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 104.4%; risk-free interest rate of 1.52% and an expected average life of 5 years.

11. Capital management

The Company considers its capital structure to consist of share capital and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support its capital management objectives:

a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
b) to give shareholders sustained growth in value by increasing shareholders' equity; while
c) taking a conservative approach towards financial leverage and management of financial risks

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company is not subject to externally imposed capital requirements other than those of the Canadian Securities Exchange, where investment entities must have minimum net assets of $2,000,000, at least 50% of which has been allocated to at least 2 specific investments. As at December 31, 2019, the Company may not be compliant with the policies of the CSE. The impact of this violation is not known and is ultimately dependent on the discretion of the CSE.

(Expressed in Canadian dollars)

12. Financial instruments

Financial assets and financial liabilities at December 31, 2019 and 2018 are as follows:

December 31, 2019	Financial assets at amortized cost	Assets at fair value through profit and loss	Financial liabilities at amortized cost	Total
Cash and cash equivalents	$ 976	$ -	$ -	$ 976
Amounts receivable	313,695	-	-	313,695
Public investments	-	386,036		386,036
Private investments	-	380,000	-	380,000
Note and loans receivable	693,209	308,721	-	1,001,930
Accounts payable and accrued liabilities	-	-	(315,996)	(315,996)

December 31, 2018	Financial assets at amortized cost	Assets at fair value through profit and loss	Financial liabilities at amortized cost	Total
Cash and cash equivalents	$ 4,379,739	$ -	$ -	$ 4,379,739
Receivables	38,374	-	-	38,374
Accounts payable and accrued liabilities	-	-	(35,203)	(35,203)

The Company's operations involve the purchase and sale of securities. In addition, the Company may have loans receivable outstanding. Accordingly, the majority of the Company's assets are currently comprised of financial instruments which can expose it to several risks, including liquidity, credit, and market risks. A discussion of the Company's use of financial instruments and their associated risks is provided below:

Credit risk

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money or securities will not perform their underlying obligations. The total carrying value of these financial instruments at December 31, 2019 was $1,315,625 (December 31, 2018 - $38,374).

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly-traded public corporations or not publicly traded and may not be easily liquidated.

The Company generates cash flow from proceeds from the disposition of its investments. There can be no assurances that sufficient funding, including adequate financing, will be available to cover the general and administrative expenses necessary for the maintenance of a public company. All of the Company's assets, liabilities and obligations are due within one year.

12. Financial instruments (continued)

Liquidity risk (continued)

As at December 31, 2019, the Company had working capital of $1,984,478 (December 31, 2018- working capital of $4,445,823), which included cash and cash equivalents of $976 (December 31, 2018- $4,379,739), investments of $766,036 (December 31, 2018- $nil), note and loans receivable of $1,001,930 (December 31, 2018- $nil), amounts receivable of $313,695 (December 31, 2018- $38,374) and prepaid expenses of $217,837 (December 31, 2018- $62,913), offset by current liabilities of $315,996 (December 31, 2018- $35,203). The Company expects to raise additional net working capital to finance its planned activities.

The following table shows the Company's sources of liquidity by assets at December 31, 2019:

		Total		Less than 1 year		1-3 years
Cash and cash equivalents	$	976	$	976	$	-
Note and loans receivable		1,001,930		693,209		308,721
Amounts receivable		313,695		313,695		-
Prepaid expenses		217,837		217,837		-
Public investments		386,036		386,036		-
Private investments		380,000		380,000		-
Total current assets - December 31, 2019	$	2,300,474	$	1,991,753	$	308,721

The following table shows the Company's sources of liquidity by assets at December 31, 2018:

		Total		Less than 1 year
Cash and cash equivalents	$	4,379,739	$	4,379,739
Amounts receivable		38,374		38,374
Prepaid expenses		62,913		62,913
Total current assets - December 31, 2018	$	4,481,026	$	4,481,026

Market risk

a) Currency risk
Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and its functional currency is the Canadian dollar. The Company's foreign currency risk arises primarily with respect to the United States dollar. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not engage in hedging activities to mitigate this risk. The Company reduces its currency risk by maintaining minimal cash balances held in foreign currency.

As at December 31, 2019, the Company had the following financial assets and liabilities denominated in foreign currencies (amounts posted in Canadian dollars):

December 31, 2019		**United States dollars**
Loan receivable	$	525,759
Trade and other payables		(501)
	$	525,258

(Expressed in Canadian dollars)

12. Financial instruments (continued)

Market risk (continued)

a) Currency risk
A 10% increase in the value of the Canadian dollar against all foreign currencies in which the Company held financial instruments as of December 31, 2019 would result in an estimated increase (decrease) in income of approximately ($62,000) (December 31, 2018 - $nil).

b) Interest rate risk
A 10% increase in interest rates based on the balance of cash and cash equivalents at December 31, 2019, would result in a negligible increase in annual interest income.

c) Price and concentration risk
The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at unfavourable prices.

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

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

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at December 31, 2019:

	Level 1	Level 2	Level 3	TOTAL
As at December 31, 2019				
Public investments	$ -	$ 386,036	$ -	$ 386,036
Private investments	-	-	380,000	380,000
Loan receivable	-	308,721	-	308,721
Total	$ -	$ 694,757	$ 380,000	$ 1,074,757

<u>Level 2 Hierarchy</u>

During the year ended December 31, 2019, the convertible promissory note for OjO Electric LLC was converted into 772,021 common shares and held in escrow. See Note 3. At December 31, 2019, 154,414 common shares have been released from escrow. As at December 31, 2019, the public company shares of Last Mile Holdings Ltd. (formerly OjO Electric LLC) were cease traded, and therefore the full value of the investment of $386,036 has been recorded at Level 2 of the fair value hierarchy.

The loan receivable from Newdene Gold Inc. has a conversion feature as disclosed in Note 3. As of December 31, 2019, the fair value of the conversion feature was assessed to be less than the fair value of the loan receivable based on the market price of the underlying security to be received upon conversion. The loan receivable balance has been recorded at Level 2 of the fair value hierarchy.

(Expressed in Canadian dollars)

12. Financial instruments (continued)

Level 3 Hierarchy

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

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at December 31, 2019:

Description		*Fair vaue*	*Valuation technique*	*Significant unobservable input(s)*	*Range of significant unobservable input(s)*
Varianz Corp.	$	380,000	Recent financing	Marketability of shares	0% discount

Varianz Corp.

The valuation at December 31, 2019 was based on the subscription receipt price of $0.03 per share. Management has determined that there are no reasonable possible alternative assumptions that would change the fair value significantly as at December 31, 2019. A 10% change in fair value would result in a change in income of approximately $38,000 at December 31, 2019. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately $19,000 in income.

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

13. Related party transactions and balances

Related Party Disclosures

Refer to Notes 3, 6, 15 and 16.

Related Party Transactions

During the years ended December 31, 2019 and 2018, the Company entered into the following transactions in the ordinary course of business with related parties from an accounting perspective that are not subsidiaries of the Company.

	Purchase of goods and services Years ended December 31,			
		2019		2018
Forbes & Manhattan, Inc.	$	30,000	$	120,000
2227929 Ontario Inc.	$	311,700	$	-

(Expressed in Canadian dollars)

13. Related party transactions and balances (continued)

Mr. Stan Bharti is the Executive Chairman of Forbes. The Company is part of the Forbes Group of Companies and continues to receive the benefits of such membership, including access to various professionals, and strategic advice from the Forbes Board of Advisors. An administration fee of $10,000 per month through April 2019 and $25,000 per month from May 2019 was charged by Forbes pursuant to a consulting agreement. On March 14, 2019, Mr. Bharti was appointed President and CEO and director of the Company, as a result amounts paid to Forbes from April 1, 2019 on are included as part of compensation of key management, directors and officers. As at December 31, 2019, receivables included $210,195 (2018: $nil) owing from Forbes. These receivables are unsecured, non-interest bearing and due on demand.

As at December 31, 2019, the Company had an amount receivable of $103,500 from Aberdeen International Inc. The receivable is unsecured, non-interest bearing and due on demand. Stan Bharti, a director of the Company, is a director of Aberdeen. Deborah Battiston, Chief Financial Officer of the Company, is a former director of Aberdeen. Scott Moore, a director of the Company, is an officer of Aberdeen.

The Company shares office space with other corporations who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment, supplies, and certain other services are administered by 2227929 Ontario Inc., to whom the Company pays a monthly fee. For the year ended December 31, 2019, the Company was charged $311,700 for these services (December 31, 2018: $90,000). In addition, as at December 31, 2019, prepaid expenses included a $171,200 (2018: $nil) advance paid to 2227929 Ontario Inc. Fred Leigh, a former director of the Company, is a director of 2227929 Ontario Inc.

Compensation of Key Management, Directors and Officers

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

	Years ended December 31, 2019	2018
Short-term benefits	$ 501,937	$ 229,500
Share-based payments	118,580	-

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the year ended December 31, 2019, the Company granted a total of 1,300,000 stock options to key management, directors, and officers of the Company.

(Expressed in Canadian dollars)

14. Income Taxes

a) Provision for income taxes

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

	2019 $	2018 $
Income/(loss) before income taxes	(2,718,245)	(711,562)
Expected income tax payable/ (recovery) based on statutory rate	(732,000)	(192,000)
Adjustment to expected income tax benefit:		
Stock Based Compensation	(42,000)	-
Other	25,000	(1,000)
Change in benefit of tax assets not recognized	749,000	193,000
Deferred income tax provision (recovery)	-	-

b) Deferred income taxes

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

	2019 $	2018 $
Non-capital loss carry-forw ards	9,937,000	7,758,000
Share issue costs	41,000	82,000
Exploration property costs	380,000	130,000
Unrealized losses on marketable securities	-	-
Capital loss carry-forw ards	6,013,000	5,861,000

The tax losses expire from 2027 to 2038. The other temporary differences do not expire under current legislation.

Year of expiry	Amount ($)
2027	89,000
2028	777,000
2029	1,038,000
2031	859,000
2032	706,000
2033	611,000
2034	1,633,000
2035	984,000
2036	434,000
2038	623,000
2039	2,183,000
	9,937,000

15. Commitments and contingencies

Management contracts

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately $3,900,000 to be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under these contracts approximate $605,000 due within one year.

Legal Proceedings

The Company is from time to time named in various legal proceedings. The Company has not estimated or accrued any amounts related to such proceedings as they are believed to be without merit.

Royalty Purchase

On October 8, 2019, the Company acquired a 1% net smelter royalty in respect of minerals removed from the property covered by 81 mineral claims and one surveyed mining lease known as the Troilus Mine, located in Northern Quebec (the “Royalty”). The Troilus Mine is owned and controlled exclusively by Troilus Gold Corp. (TSX:TLG). In consideration for the Royalty, the Company agreed to pay to the vendor, a private company, $10,000,000, payable in four equal cash payments of $2,500,000 (the “Installments”). The Installments were due on the dates that fall 90, 180, 270 and 360 days from the execution date.

On January 5, 2020, entered into an extension agreement with the vendor. In this agreement, the vendor agreed to extend the dates on which the four equal cash payments are due by 90 days each. In exchange, the Company agreed to pay $125,000 to the vendor, which was paid by the issuance of 1,250,000 of the Company’s common shares on January 5, 2020.

On March 30, 2020, the Company agreed with the vendor to terminate the royalty agreement. The Company has returned the royalty to the vendor and no further obligations are owed by either party under the agreement.

16. Subsequent events

On January 31, 2020, the Company sold 600,000 common shares of its investment in OJO Electric Inc. for gross proceeds of $300,000. See Note 6.

On March 23, 2020 the Company completed a non-brokered private placement financing of 20,000,000 common shares, at a price of $0.10 per common share, for gross proceeds of $2,000,000.

On March 30, 2020, the Company granted 2,490,000 stock options to certain consultants and a director of the Company pursuant to the Company’s stock option plan. 1,990,000 of the stock options vest immediately and may be exercised at a price of $0.16 per option for a period of five years from the date of grant. The remaining 500,000 stock options shall vest in four equal quarterly installments, and may also be exercised at a price of $0.16 per option for a period of five years from the date of grant. 1,200,000 of the options were granted to directors and officers of the Company.

16. Subsequent events (continued)

On March 30, 2020, the Company acquired all the issued and outstanding common of shares of Eco Capital Growth Corp. ("Eco Capital"). In consideration for the acquisition, the Company issued 8,000,000 common shares of the Company, resulting in the shareholders of Eco Capital owning 12.6% of the Company on an undiluted basis.

On April 13, 2020, the Company issued 15,000,000 of the Company's common shares to acquire 40% of the issued and outstanding shares of Amino Therapeutics Inc.

On April 16, 2020, the Company issued 6,000,000 of the Company's common shares to acquire 49% of the issued and outstanding shares of Athletic and Health Solutions Inc. Based on the closing price of the Company's common shares at the time of the transaction, the common shares issued are valued at $2,820,000.