CANTERRA
MINERALS CORPORATION
TSX-V: CTM

Consolidated Financial Statements

For the Year Ended

December 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Canterra Minerals Corporation

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred ongoing losses and has no source of recurring revenue. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 22, 2020

CANTERRA MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

		December 31, 2019		December 31, 2018
ASSETS				
Current				
Cash	$	10,300	$	9,895
Marketable securities (Note 4)		690		1,898
Receivables (Note 5)		1,553		7,906
Prepaid expenses		12,560		-
		25,103		19,699
Land use deposits (Note 6)		4,000		4,000
	$	29,103	$	23,699
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current liabilities				
Accounts payable and accrued liabilities (Note 8,9)	$	164,888	$	74,496
Due to Rand Explorations Ltd. (Note 9)		-		100,000
		164,888		174,496
Non-current liabilities				
Due to Rand Explorations Ltd. (Note 9)		167,388		-
		332,276		174,496
Shareholders' deficit				
Share capital (Note 10)		106,149,846		106,149,846
Reserves (Note 10)		47,640		70,044
Deficit		(106,500,659)		(106,370,687)
		(303,173)		(150,797)
	$	29,103	$	23,699

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on April 22, 2020

Randy C. Turner, Director

John McDonald, Director

CANTERRA MINERALS CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)

For the years ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

		2019		2018
Expenses				
Business development	$	1,101	$	1,952
Insurance		10,138		2,370
Interest (Note 9)		12,388		-
Legal, audit and accounting		29,230		29,378
Management fees (Note 9)		44,147		82,687
Office and miscellaneous		2,680		5,157
Regulatory and transfer agent fees		17,254		26,781
Rent (Note 9)		18,000		18,000
Wages and benefits		9,181		11,588
Exploration expenditures (Note 7)		17,107		23,486
		(161,226)		(201,399)
Interest income		58		62
Gain on sale of mineral property (Note 7)		10,000		-
Unrealized (loss) gain on marketable securities		(1,208)		500
Realized gain on marketable securities		-		850
Write-down of mineral properties (Note 7a)		-		(52,500)
Write-off of accounts payable (Note 10)		-		483,559
		8,850		432,471
Net earnings (loss) and comprehensive earnings (loss) for the year	$	(152,376)	$	231,072
Basic and diluted earning (loss) per common share	$	(0.00)	$	0.00
Weighted average number of common shares outstanding – basic and diluted		89,864,870		85,814,389

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

CANTERRA MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

	2019	2018
Cash flows from operating activities		
Earnings (loss) for the year	$ (152,376)	$ 231,072
Items not affecting cash:		
Realized gain on marketable securities	-	(850)
Unrealized loss (gain) on marketable securities	1,208	(500)
Accrued interest on related party loan	12,388	-
Gain on sale of mineral property	(10,000)	-
Write-down of mineral properties	-	52,500
Write-off of accounts payable	-	(483,559)
Changes in non-cash working capital items:		
Decrease in receivables	6,352	15,068
Increase in prepaid expenses	(12,560)	-
Increase in accounts payable and accrued liabilities	90,392	112,431
Net cash used in operating activities	(64,595)	(73,838)
Cash flows from investing activities		
Proceeds on sale of marketable securities	-	2,450
Proceeds on sale of mineral property	10,000	-
Net cash provided by investing activities	10,000	2,450
Cash flows from financing activities		
Proceeds received from related party (Note 9)	55,000	50,000
Net cash provided by financing activities	55,000	50,000
Change in cash during the year	405	(21,388)
Cash, beginning of the year	9,895	31,283
Cash, end of the year	$ 10,300	$ 9,895

Supplemental disclosure with respect to cash flows (Note 12)

CANTERRA MINERALS CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Expressed in Canadian Dollars)

	Share Capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, December 31, 2017	84,495,937	$ 106,016,123	$ 147,381	$ (106,679,096)	$ (515,592)
Issued for mineral properties (Note 7)	100,000	2,000	-	-	2,000
Issued for debt (Note 10)	5,268,933	131,723	-	-	131,723
Reserves transferred on expired options (Note 10c)	-	-	(77,337)	77,337	-
Net earnings for the year	-	-	-	231,072	(231,072)
Balance, December 31, 2018	89,864,870	106,149,846	70,044	(106,370,687)	(150,797)
Reserves transferred on expired options (Note 10c)	-	-	(22,404)	22,404	-
Loss for the year	-	-	-	(152,376)	(152,376)
Balance, December 31, 2019	89,864,870	$ 106,149,846	$ 47,640	$ (106,500,659)	$ (303,173)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Canterra Minerals Corporation (the "Company") is incorporated under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves.

The Company's head office and principal address is 1020 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company's registered and records office is 2300 – 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and has no source of recurring revenue. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties, monetizing marketable securities or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

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

The recovery of the amounts comprised in mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

		2019		**2018**
Deficit	$	(106,500,659)	$	(106,370,687)
Working capital deficiency	$	(139,785)	$	(154,797)

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Consolidation and Presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

2. BASIS OF PREPARATION *(continued)*

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries (Note 9). All significant intercompany transactions and balances have been eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

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

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation costs

Management has determined that exploration, evaluation, and related costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

3. SIGNIFICANT ACCOUNTING POLICIES

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average number of shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in *IAS 21, The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Flow-through shares

The issuance of flow-through common shares results in the tax deductibility of the qualifying resource expenditures funded from the proceeds of the sale of such shares being transferred to the purchasers of the shares. Under IFRS, on the issuance of such shares, the Company bifurcates the flow-through shares into a flow-through share premium, equal to the estimated premium that investors pay for the flow-through feature, which is recognized as a liability, and share capital. As the related exploration expenditures are incurred, the Company derecognizes the liability and the premium is recognized through the Statement of Earnings (Loss) and Comprehensive Earnings (Loss).

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to share capital.

For vested options that have expired or were cancelled unexercised, the Company reverses the share-based payment reserve against the deficit.

Marketable securities

Investments in marketable securities have been designated as fair value through profit or loss and are recorded at fair value. Fair value through profit or loss investments are determined by reference to the last bid price on the date of the statement of financial position. Changes in fair value are recognized in profit or loss during the period for which they occur.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The Company applies the requirements of IFRS 9 – *Financial Instruments* ("IFRS 9") which utilizes a model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model.

The following is the Company's accounting policy for financial instruments under IFRS 9:

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

Measurement

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

Financial assets and liabilities at FVTPL

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

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition

Financial assets

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

Mineral properties

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with *IFRS 6, Exploration for and Evaluation of Mineral Resources*. The Company capitalizes mineral property acquisition costs, which include the cash consideration, option payments under an earn-in arrangement, and the fair value of common shares issued for mineral properties. The acquisition costs are deferred until the property is placed into production, sold or abandoned or determined to be impaired. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Exploration and evaluation costs are expensed prior to the determination of economically recoverable reserves. Exploration and evaluation expenditures relate to costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping, and other activities in searching for ore bodies under the properties, and evaluating the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property by property basis.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company does not have any significant environmental rehabilitation provisions.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

IFRS Leases

IFRS 16, published on January 13, 2016, supersedes IAS 17 – Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless a lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to reporting periods beginning on or after January 1, 2019.

The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its lease commitments for its office lease. It will be measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rate as at January 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of retained earnings. The Company applied the following practical expedients permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

As at January 1, 2019 IFRS 16 did not have any impact on the amount recognized in the financial statements. The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. For the year ended December 31, 2019, rent expense of $18,000 has been incurred.

For the years ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

4. MARKETABLE SECURITIES

As at December 31, 2019, the Company holds the following common shares of public companies listed on the TSX Venture Exchange:

	December 31, 2019		December 31, 2018	
	# of shares	**value**	**# of shares**	**value**
Margaret Lake Diamonds Inc. (Note 7)	34,500	$ 690	34,500	$ 1,898
		$ 690		**$ 1,898**

5. RECEIVABLES

The Company's receivables are as follows:

	December 31, 2019	**December 31, 2018**
GST receivable	$ 1,553	$ 1,505
Other receivable	-	6,401
Total	**$ 1,553**	**$ 7,906**

6. LAND USE DEPOSITS

Land use deposits are interest-bearing and are held by major financial institutions on behalf of mining regulators. These deposits are held primarily for prospecting permits and will be released upon the Company incurring certain exploration expenditures on specific mineral properties. Land use deposits surrendered to mining regulators are expensed.

For the years ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

7. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and to the best of its knowledge, title to all of its properties are in good standing.

The Company holds interest in various mineral claims located in Canada, the carrying value of which are as follows:

	December 31, 2019	December 31, 2018
Northwest Territories, Canada		
Hilltop/Cache Property	$ -	$ -
During fiscal 2017, the Company wrote-down acquisition costs of $290,232 associated with this property. In June 2019, the final three remaining mineral claims expired.		
King Property	-	-
During fiscal 2015, the Company wrote-down acquisition costs of $80,588 associated to this property. In June 2019, the final two remaining mineral leases expired.		
Marlin Property	-	-
A 100% interest.		
Rex Property	-	-
A 100% Interest. During fiscal 2017, the Company wrote-down acquisition costs of $37,721 associated with this property.		
CL25 Property	-	-
On September 5, 2018, the option agreement with Mr. Magrum was terminated and the Company wrote-down acquisition costs of $52,500 associated with this property. (Note 7a)		
Alberta Canada		
Buffalo Hills Property	-	-
A 33% interest. During fiscal 2013, the Company wrote-down acquisition costs of $8,278,519 associated with this property.		
Total Mineral Properties	**$ -**	**$ -**

a) On June 17, 2016, the Company entered into an Option and Joint Venture Agreement with Mr. Michael Magrum ("Magrum") to acquire up to a 70% interest in the CL-25 Property. Pursuant to the agreement, the Company can acquire a 60% interest in the CL-25 Property by making a cash payment of $35,000 (paid), issue 400,000 shares (400,000 issued to date with an aggregate value of $17,500) and incur $1,000,000 in exploration expenditures ($7,392 incurred to date) by June 27, 2019. On August 30, 2018, the Company issued 100,000 common shares with aggregate value of $2,000 pursuant to the agreement. On September 5, 2018, the Option and Joint Venture Agreement with Mr. Michael Magrum was formally terminated, and the Company wrote-down acquisition costs of $52,500 associated with this property.

b) On March 14, 2019, the Company entered into an agreement for sale with Doug McDonald to attain 100% interest in the Minnitaki property in exchange for $10,000.

For the years ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

7. MINERAL PROPERTIES *(continued)*

During the year ended December 31, 2019, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Mineralogy	Safety & Reclamation	Recoveries	Total for the year
ALBERTA									
Buffalo Hills	$ -	$ -	$ -	$ 24,490	$ 3,514	$ -	$ -	$ (11,981)	**$ 16,023**
ONTARIO									
Other	-	-	-	2,561	-	-	-	(1,477)	**1,084**
	$ -	**$ -**	**$ -**	**$ 27,051**	**$ 3,514**	**$ -**	**$ -**	**$ (13,458)**	**$ 17,107**

During the year ended December 31, 2018, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Mineralogy	Safety & Reclamation	Recoveries	Total for the year
ALBERTA									
Buffalo Hills	$ 9,452	$ -	$ -	$ 17,856	$ -	$ -	$ -	$(11,380)	**$ 15,928**
NWT									
King	1,232	-	-	5,132	-	-	-	-	**6,364**
ONTARIO									
Other	566	-	-	628	-	-	-	-	**1,194**
	$ 11,250	**$ -**	**$ -**	**$ 23,616**	**$ -**	**$ -**	**$ -**	**$(11,380)**	**$ 23,486**

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	December 31, 2019	December 31, 2018
Trade payables	$ 147,388	$ 56,996
Accrued liabilities	17,500	17,500
Total	**$ 164,888**	**$ 74,496**

For the years ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

These consolidated financial statements also include the Company's share of the jointly held assets, its jointly incurred liabilities, and its share of the revenues and expenses of Triex Minerals Corporation and Triex Minerals (US) Inc. up to December 12, 2019 at which time Triex Minerals Corporation and Triex Minerals (US) Inc. were dissolved.

Key Management Personnel
Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Compensation paid or payable to key management personnel for services rendered are as follows:

		Year ended December 31, 2019		Year ended December 31, 2018
Management fees	$,	44,147	$	82,687
Geological consulting fees		7,791		11,250
Total	**$**	**51,938**	**$**	**93,937**

Amounts paid or payable to companies with officers and/or directors in common are as follows:

		Year ended December 31, 2019		Year ended December 31, 2018
Rent	$	18,000	$	18,000
Accounting, investor relations, geology & other		11,877		12,915
Total	**$**	**29,877**	**$**	**30,915**

Included in accounts payable and accrued liabilities at December 31, 2019 is $112,648 (2018 - $50,389) due to companies with directors and/or officers in common.

During the year ended December 31, 2019, the Company received $55,000 in advances (2018 - $50,000) from Rand Explorations Ltd ("Rand Explorations").

On December 31, 2019 the Company entered into an unsecured loan agreement with Rand Explorations Ltd. to acknowledge the advances Rand Exploration has provided to the Company. The principal amount of $155,000 was recognized with interest accruing at a rate of 5%, simple interest and it matures in December 2024.

		Year ended December 31, 2019		Year ended December 31, 2018
Principle	$	155,000	$	100,000
Interest		12,388		-
Total	**$**	**167,388**	**$**	**100,000**

For the years ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting only of common shares are fully paid.

b) Issued share capital

The Company did not issue any common shares during the year ended December 31, 2019.

On August 30, 2018, the Company issued 100,000 common shares with an aggregate value of $2,000 as consideration towards the acquisition of the CL-25 property.

On October 2, 2018, the Company and Independence Gold Corp. ("Independence Gold"), a company with common directors and/or officers, entered into a debt settlement agreement whereby the Company issued 3,468,933 common shares with a fair value of $86,723 to Independence Gold for $173,447 of debt. As part of the debt settlement agreement, Independence Gold also forgave $96,836 of debt owed by the Company.

On October 2, 2018, the Company and Rand Explorations, a company with common directors and/or officer, entered into a debt settlement agreement whereby the Company issued 1,800,000 common shares with a fair value of $45,000 to Rand Explorations for $90,000 of debt. As part of the debt settlement agreement, Rand Explorations also forgave $255,000 of debt owed by the Company.

c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

As at December 31, 2019, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,595,000	$0.08	May 2, 2021
1,595,000		

For the years ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(continued)*

Stock option transactions are summarized as follows:

	December 31, 2019		December 31, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the year	1,915,000	$ 0.09	4,070,000	$ 0.10
Expired/cancelled	(320,000)	0.15	(2,155,000)	0.10
Balance, end of the year	1,595,000	$0.08	1,915,000	$0.09
Options exercisable, end of the year	1,595,000	$0.08	1,915,000	$0.09

d) Warrants

As at December 31, 2019 the Company did not have any outstanding share purchase warrants.

Share purchase warrant transactions were as follows:

	December 31, 2019		December 31, 2018	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of the year	8,107,143	$0.10	8,107,143	$0.10
Expired	8,107,143	0.10	-	-
Balance, end of the year	-	-	8,107,143	$0.10
Warrants exercisable, end of the year	-	-	8,107,143	$0.10

On July 29, 2019, 8,107,143 warrants expired.

11. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of mineral properties in Canada and the United States. All of the Company's capital assets are located in Canada.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing and financing transactions during the year ended December 31, 2019.

Significant non-cash investing and financing transactions during the year ended December 31, 2018 consisted of the issuance of 100,000 common shares valued at $2,000 pursuant to the option of CL-25 property option agreement (Note 7a) and the issuance of 5,268,933 common shares valued at $131,723 pursuant to debt settlement agreement with Independence Gold and Rand Explorations (Note 10b).

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of cash and marketable securities is measured based on level 1 of the fair value hierarchy. The fair values of receivables, land use deposits, accounts payable and accrued liabilities and loan from Rand Explorations Ltd. approximate their book values because of the short-term nature of these instruments.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk - Credit risk is the risk of a financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligation. The Company manages credit risk by carrying short-term investments, if any, with investment grade ratings. The Company's receivables consist primarily of sales tax receivables due from federal and provincial government agencies and receivables from exploration partners with whom the Company has established credit policies. The Company does not have a significant concentration of credit risk with any single counter-party. The Company's cash is invested in interest bearing accounts at major Canadian chartered banks. Because of these circumstances, the Company does not believe it has a material exposure to credit risk.

Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company is not exposed to any significant interest rate risk.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk - The Company is exposed to price risk with respect to commodity, equity and marketable security 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. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of diamonds and precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

For the years ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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 defines capital that it manages as shareholders equity, consisting of common shares, stock options and warrants.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

15. INCOME TAXES

A reconciliation of current income and deferred taxes at statutory rates with reported taxes follows:

		2019		2018
Earnings (loss) before income taxes	$	(152,376)	$	231,072
Income tax recovery (recovery)	$	(41,000)	$	62,000
Changes in tax rates and other		-		(1,000)
Adjustments to prior years provision versus statutory tax return		46,000		14,000
Changes in unrecognized deductible temporary differences		(5,000)		(75,000)
Income tax (expense) recovery	$	-	$	-

The unrecognized deductible and taxable temporary differences, unused tax losses and unused tax credits are as follows:

		2019	expiry dates		2018
Equipment	$	1,080,000	not applicable	$	1,080,000
Financing costs		2,000	not applicable		2,000
Investment tax credit		2,422,000	2026 to 2033		2,422,000
Mineral properties		69,113,000	not applicable		69,122,000
Losses available for future periods		13,370,000	2026 to 2038		13,205,000