HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019
AND FOR THE PERIOD FROM INCEPTION ON APRIL 16, 2019 TO DECEMBER 31, 2019

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

Independent Auditor's Report

To the Shareholders of HighGold Mining Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of HighGold Mining Inc., which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from inception on April 16, 2019 to December 31, 2019, 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 its financial performance and its cash flows for the for the period from inception on April 16, 2019 to December 31, 2019 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, and we have fulfilled our 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 the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

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. 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 Group 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 James D. Gray.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC, Canada
April 23, 2020

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

(Expressed in Canadian dollars)

ASSETS	
Current Assets	
Cash and cash equivalents	$ 12,601,200
Amounts receivable	101,886
Prepaid expenses	230,244
	12,933,330
Exploration and evaluation assets (Note 4)	6,132,386
	$ 19,065,716
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities	
Accounts payable and accrued liabilities (Note 7)	$ 434,134
Due to Constantine Metal Resources Ltd. (Note 5)	211,127
Flow-through premium (Note 6)	704,000
	1,349,261
SHAREHOLDERS' EQUITY	
Share capital (Note 6)	18,743,032
Contributed surplus (Note 6)	298,001
Deficit	(1,324,578)
	17,716,455
	$ 19,065,716

Subsequent events (Note 12)

Approved on behalf of the Board of Directors of HighGold Mining Inc. on April 23, 2020

'*Aris Morfopoulos*' — Director

'Darwin Green' — Director

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

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

FOR THE PERIOD FROM INCEPTION ON APRIL 16, 2019 TO DECEMBER 31, 2019

(Expressed in Canadian dollars)

		Period From Inception on April 16, 2019 to December 31, 2019
EXPENSES		
Advertising and promotion	$	38,063
Consulting fees (Note 7)		103,008
Filing and transfer agent		100,165
Foreign exchange loss		11,746
Insurance		15,598
Management fees (Note 7)		36,700
Office and miscellaneous		135,216
Professional fees		628,509
Rent		16,835
Salaries, wages and benefits (Note 7)		143,367
Share-based compensation (Notes 6 and 7)		94,406
Travel		41,549
Net loss before other item		(1,365,162)
OTHER ITEM		
Interest income		40,584
Net loss and comprehensive loss for the period	$	(1,324,578)
Basic and diluted loss per share		(0.08)
Weighted average number of common shares outstanding		16,909,083

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

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM INCEPTION ON APRIL 16, 2019 TO DECEMBER 31, 2019

(Expressed in Canadian dollars)

	Share Capital				
	Number of shares	Amount	Contributed surplus	Deficit	Total
As at April 16, 2019	100	$ 100	$ -	$ -	$ 100
Shares cancelled	(100)	(100)	-	-	(100)
Issued pursuant to a plan of arrangement (Notes 1 and 6)	15,118,075	3,300,947	206,682	-	3,507,629
Private placements	24,880,000	17,154,000	-	-	17,154,000
Share issue costs	-	(1,022,252)	-	-	(1,022,252)
Shares issued for options exercised	25,000	14,337	(3,087)	-	11,250
Flow-through premium	-	(704,000)	-	-	(704,000)
Share-based compensation	-	-	94,406	-	94,406
Net loss for the period	-	-	-	(1,324,578)	(1,324,578)
As at December 31, 2019	40,023,075	$ 18,743,032	$ 298,001	$ (1,324,578)	$ 17,716,455

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

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM INCEPTION ON APRIL 16, 2019 TO DECEMBER 31, 2019

(Expressed in Canadian dollars)

OPERATING ACTIVITIES	
Loss for the period	$ (1,324,578)
Adjustments for non-cash items:	
Share-based compensation	94,406
Change in non-cash working capital:	
Amounts receivable	(101,886)
Prepaid expenses	(230,244)
Accounts payable and accrued liabilities	171,925
Due to Constantine Metal Resources Ltd.	187,005
Cash used in operating activities	(1,203,372)
INVESTING ACTIVITY	
Exploration and evaluation expenses	(2,338,426)
Cash used in investing activity	(2,338,426)
FINANCING ACTIVITIES	
Proceeds on issuance of common shares, net	16,131,748
Proceeds on stock option exercise	11,250
Cash provided by financing activities	16,142,998
Increase in cash and cash equivalents	12,601,200
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	$ 12,601,200

Supplemental information with respect to cash flows:	
Exploration and evaluation expenses included in accounts payable	$ 262,209
Exploration and evaluation expenses included in due to Constantine Metal Resources Ltd.	$ 24,122
Shares issued for plan of arrangement (Notes 1 and 6)	$ 3,507,629

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

(Expressed in Canadian dollars)

1. CORPORATE INFORMATION

HighGold Mining Inc. (the 'Company' or 'HighGold') was formed on April 16, 2019 under the laws of British Columbia as a wholly-owned subsidiary of Constantine Metal Resources Ltd. ("Constantine" or the "Parent"). The address of the Company's corporate office and its principal place of business is 320 - 800 West Pender Street, Vancouver, BC, V6C 2V6.

On June 24, 2019, Constantine and HighGold entered into an Arrangement Agreement pursuant to which it was proposed that HighGold would, through a series of transactions, acquire all of Constantine's gold assets, and would itself be acquired by Constantine's shareholders (the "Arrangement"). At the conclusion of the transactions set out in the Arrangement Agreement each Constantine shareholder would hold the same number of Constantine shares as he, she, or it held at the start of the transactions, and one third of that number of HighGold shares.

The Arrangement between Constantine and the Company was completed on August 1, 2019. Under the terms of the Arrangement, Constantine transferred its gold assets to the Company (Note 4), and Constantine shareholders received one common share of the Company for every three common shares of Constantine held. A total of 15,118,075 common shares of the Company were issued pursuant to the Arrangement. Under the terms of the Arrangement, there were also 1,092,892 stock options of the Company issuable to Constantine stock option-holders and 4,901,956 warrants of the Company issuable to Constantine warrant-holders.

The mineral property interests acquired from Constantine were measured at fair value and, as the fair value of the Company's equity issued in exchange was not more readily determinable, and given the exploration stage nature of the assets acquired, fair value was based on their current carrying amounts in the accounts of Constantine, as follows:

		AMOUNT
Johnson Tract Property	$	967,668
Munro-Croesus Property		2,099,902
Golden Mile Property		306,751
Golden Perimeter Property		133,307
Yukon claims		1
	$	3,507,629

The consideration recorded by the Company was allocated as follows:

		AMOUNT
Contributed surplus	$	206,682
Share capital		3,300,947
	$	3,507,629

The allocation to Contributed surplus was based on the estimated aggregate fair value of outstanding Constantine options and warrants converted to option and warrants of HighGold. As all such stock options had previously vested to their holders and substantially all holders were not expected to provide future services to HighGold, the related share-based compensation comprised, in substance, a component of the consideration issued for the property interests rather than a current operating expense of HighGold.

The allocation of $3,300,947 to Share capital reflects solely the residual value associated with the difference between the value of the assets acquired from HighGold and the Contributed surplus figure described above.

HighGold obtained assets and a distribution of shareholders sufficient to facilitate the intended listing of its common shares for trading on the TSX Venture Exchange ("TSX-V"). The Company's shares are now trading on the TSX-V under the stock symbol "HIGH" and US Over-the-Counter market under the stock symbol "HGGOF".

2. BASIS OF PREPARATION

a) Statement of compliance

These 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 Interpretation Committee ("IFRIC").

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Epica Gold Inc. ("Epica") and JT Mining, Inc. ("JT Mining") from the effective date of the Arrangement of August 1, 2019. Inter-company balances and transactions are eliminated on consolidation.

c) Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency. The functional currency of Epica and JT Mining is also the Canadian dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

The Company considers deposits with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents.

b) Foreign currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

c) Financial Instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

i) Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) or amortized cost.

Cash and cash equivalents are recognized at their fair value and carried at amortized cost.

Receivables, excluding GST, are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Interest income is recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

IFRS 9 replaces the incurred loss model from IAS 39 with an expected loss model (“ECL”). The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The ECL model applies to the Company’s trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward-looking approach, the Company separates instruments into the below categories:

1. financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk.
2. financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low.
3. financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate, the Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis when they possess shared credit risk characteristics and days past due.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets, other than those at FVTPL and amortized cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

De-recognition of financial assets

A financial asset is derecognized when the contractual right to the asset's cash flows expire or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

ii) Financial liabilities

The Company classifies its financial liabilities in the following category:

Amortized cost

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. Financial liabilities such as accounts payable and accrued liabilities are recognized at amortized cost using the effective interest rate method.

d) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current income tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred income tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

e) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

f) Exploration and evaluation properties

Costs directly related to the exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Resource properties are reviewed for impairment at each reporting date.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

g) Impairment of Non-current Assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

h) Provision for Closure and Reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of resource 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.

i) Loss per share

Loss per share is calculated using the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

j) Share-based compensation

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option-pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Charges for options that are forfeited before vesting

k) Share capital

The Company records proceeds from share issuances, net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

l) Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into using the residual value method into: i) share capital; and ii) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability. Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company indemnifies the subscribers of flow-through shares against certain tax related amounts that become due related to their flow-through subscriptions.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial liability until paid.

m) Valuation of equity units in private placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

n) Judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

- Significant areas requiring the use of estimates relate to the determination of impairment of exploration and evaluation properties, determination of the inputs to the Black Scholes option pricing model, and any required provisions for closure and reclamation.

- A significant judgment made involved the determination that the best representation of fair value in respect to the mineral property interests acquired from Constantine, upon completion of the Arrangement, was their related deferred carrying amounts in the accounts of Constantine.

- Judgment was also involved in the determination that the Company and its wholly-owned subsidiaries shared a common functional currency.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Balance April 16, 2019	Fiscal 2019 Expenditures	Balance December 31, 2019
Johnson Tract Property, Alaska, USA			
Acquisition from Constantine	$ -	$ 967,668	$ 967,668
Acquisition costs	-	17,902	17,902
Administration	-	26,775	26,775
Assaying and testing	-	101,081	101,081
Camp costs and field support	-	372,886	372,886
Community relations and advocacy	-	5,504	5,504
Drilling	-	605,834	605,834
Environmental	-	2,685	2,685
Geology and project management	-	366,369	366,369
Geophysics	-	2,380	2,380
Technical consulting and engineering	-	6,863	6,863
Transportation	-	720,362	720,362
	$ -	$ 3,196,309	$ 3,196,309
Munro-Croesus Property, Ontario, Canada			
Acquisition from Constantine	$ -	$ 2,099,902	$ 2,099,902
Administration	-	34,306	34,306
Assaying and testing	-	12,251	12,251
Camp costs and field support	-	515	515
Community relations and advocacy	-	5,020	5,020
Geology and project management	-	12,821	12,821
Geophysics	-	1,696	1,696
Transportation	-	7,966	7,966
	$ -	$ 2,174,477	$ 2,174,477
Golden Mile Property, Ontario, Canada			
Acquisition from Constantine	$ -	$ 306,751	$ 306,751
Acquisition costs	-	1,500	1,500
Administration	-	21,282	21,282
Advance royalty payments	-	10,000	10,000
Camp costs and field support	-	959	959
Drilling	-	3,320	3,320
Geology and project management	-	19,342	19,342
Geophysics	-	1,696	1,696
Transportation	-	2,001	2,001
	$ -	$ 366,851	$ 366,851

(Expressed in Canadian dollars)

	Balance April 16, 2019	Fiscal 2019 Expenditures	Balance December 31, 2019
Golden Perimeter Property, Ontario, Canada			
Acquisition from Constantine	$ -	$ 133,307	$ 133,307
Administration	-	54,853	54,853
Advance royalty payments	-	10,000	10,000
Assaying and testing	-	37,112	37,112
Camp costs and field support	-	29,364	29,364
Community relations and advocacy	-	677	677
Drilling	-	3,320	3,320
Geology and project management	-	10,839	10,839
Geophysics	-	71,286	71,286
Technical consulting and engineering	-	3,428	3,428
Transportation	-	29,162	29,162
	$ -	$ 383,348	$ 383,348
Yukon, Canada			
Acquisition from Constantine	$ -	$ 1	$ 1
Administration	-	11,034	11,034
Geology and project management	-	366	366
	$ -	$ 11,401	$ 11,401
Total	**$ -**	**$ 6,132,386**	**$ 6,132,386**

The following properties were acquired from Constantine pursuant to the Arrangement dated June 24, 2019. As such, all underlying agreements with respect to these properties were assigned to the Company effective August 1, 2019 (Note 1).

a) Johnson Tract Property, Alaska

In May 2019, Constantine completed a definitive agreement (“Agreement”) with Cook Inlet Region, Inc. (“CIRI”) for the lease rights to the 20,942 acre Johnson Tract property located 200 kilometers southwest of Anchorage, in Southcentral Alaska. Commercial terms outlined in the Agreement include a cash payment of US$50,000 due on signing of the Agreement (paid by Constantine), a 10-year lease with a renewal option, and annual lease payments of US$75,000 for years one through five, escalating to US$150,000 from year six onwards, until production is achieved. Under the terms of the Agreement, the Company may exercise its option to maintain the lease rights by incurring US$10 million in expenditures over the first 10 years, inclusive of at least US$7.5 million within the first 6 years. Upon completing such expenditure requirements and satisfying other lease conditions, the Company may renew the lease for an additional 5 years (11 through 15) by making annual lease payments of US$150,000 per year (inflation adjusted) and completing an additional US$10 million in expenditures. The lease rights are subject to CIRI’s “back-in” right to acquire a 15-25% interest in the lease rights, as well as an net smelter returns (“NSR”) royalty on the base metals of 2-3% and a gold NSR ranging from 2.5% to 4.0%, depending on the price of gold at the time.

b) Munro-Croesus Property

The Company has a 100% ownership interest in the Munro-Croesus Property, which is located 90 kilometers east of Timmins, Ontario, and includes the former Munro-Croesus gold mine. There is a 2% NSR payable on the property, of which 0.5% can be purchased by the Company for $1,000,000, with a right of first refusal on the remaining 1.5% NSR. As at December 31, 2019, the Munro-Croesus property consists of 15 patented mining claims and leases and two staked claims.

c) Golden Mile Property

In December 2016, Constantine completed the acquisition of 100% of the Golden Mile property, comprised of 32 claims in the Porcupine Mining Division in northern Ontario, Canada. There is a 3% NSR payable to the previous owners to Constantine of the property, of which 1/3 of the NSR may be purchased by the Company at any time for $1,000,000. The Company must also make annual advance royalty payments of $10,000, which are deductible from future NSR payments.

d) Golden Perimeter Property

As of December 15, 2018, Constantine entered into an agreement to acquire the Golden Perimeter property, comprised of 561 claims located in the Porcupine Mining Division in northern Ontario, Canada. In order to continue to maintain the option and acquire the Golden Perimeter property, the Company must make cash payments totaling $65,000 ($20,000 paid) and issue 100,000 of its shares over the remaining three year period of the agreement. Upon completion of the full purchase price of cash and shares, the Company will make annual advance royalty payments of $10,000, commencing on December 15, 2024 and each year thereafter, until commercial production commences. There is a 2.5% NSR on the property, of which 1.0% can be purchased by the Company at any time for $750,000. The Company will retain the right of first refusal on the remaining 1.5% NSR.

e) Yukon Land Position and Joint Venture

The Company holds a 50% interest in a joint venture with Carlin Gold Corporation (“Carlin”) which controls over 3,000 claims in the Mayo and Watson Lake Mining Districts, Yukon. The claims are distributed in twelve blocks that total approximately 65,000 hectares (250 square miles).

Mineral Property Option Agreement with Fireweed Zinc Ltd. (“Fireweed”)

Under the auspices of the Constantine Carlin Joint Venture (“CCJV”), in May 2017 Constantine entered into a mineral property option agreement granting Fireweed an option to purchase a 100% interest in three properties totaling 624 claims in the Mac Pass area, Yukon. The subject claims were staked under the CCJV, and all remaining option payments and royalties from the Fireweed option agreement are to be split between the Company and Carlin.

Total consideration for Fireweed to acquire a 100% interest in the properties includes the payment of an aggregate of $500,000 in cash and the issuance of 300,000 common shares in the capital of Fireweed, over three years, of which $200,000 cash and 100,000 common shares of Fireweed have been paid to Constantine and Carlin. The Company is entitled to receive $150,000 cash and 100,000 common shares of Fireweed under the remaining terms of the option agreement.

Under the terms of the agreement with Fireweed, NSR rights will be retained by the Company and Carlin, consisting of a 0.5% NSR on base metals and silver and a 2.0% NSR on all other metals. An additional payment of $750,000 will be payable to the CCJV members upon Fireweed producing an indicated resource of 2.0 million tonnes on the optioned properties.

5. DUE TO CONSTANTINE METAL RESOURCES LTD.

During the period ended December 31, 2019, the Company owed $211,127 to Constantine for expenses that were paid by Constantine. The debt is repayable on demand, with no interest or specific terms of repayment.

Subsequent to year end, the Company repaid the amounts owing to Constantine in full.

6. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common shares and preferred shares without par value. Disclosures on any shares issued are provided in the Statement of Changes in Shareholders' Equity. Common and/or preferred shareholders are entitled to receive dividends if and when declared by the Directors.

On August 2, 2019, the Company issued 15,118,075 common shares valued at $3,300,947 to the shareholders of Constantine pursuant to the Arrangement in relation to the acquisition of various gold assets (Notes 1 and 4). A total of 165,791 of these shares were escrowed at the date of issuance, subject to the standard escrow policies of the TSX Venture Exchange regarding shares issued to directors and officers.

On August 19, 2019, the Company completed a $200,000 private placement consisting of 1,000,000 units of the Company at a price of $0.20 per unit. Each unit consists of one common share of the Company and one half of one non-transferable common share purchase warrant, with each whole warrant exercisable to purchase one common share at a price of $0.45 per share until August 19, 2024. All of these shares were escrowed at the date of issuance, subject to the standard escrow policies of the TSX Venture Exchange regarding shares issued to directors and officers.

On September 18, 2019, the Company completed a $7,650,000 private placement consisting of 17,000,000 units of the Company at a price of $0.45 per unit. Each unit consists of one common share of the Company and one half of one non-transferable common share purchase warrant, with each whole warrant exercisable to purchase one common share at a price of $0.70 per share until September 18, 2021. The Company paid cash finders' fees totaling $321,000 and share issue costs of $13,399 related to this private placement.

(Expressed in Canadian dollars)

On December 5, 2019, the Company completed a $9,304,000 private placement consisting of a combination of (i) 1,280,000 common shares of the Company issued on a flow-through basis ("FT Share") at a price of $1.80 per FT Share for gross proceeds of $2,304,000, and (ii) 5,600,000 common shares of the Company (the "NFT Share") at a price of $1.25 per NFT Share for gross proceeds of $7,000,000. The flow-through liability associated with these issuances using the residual method was $704,000. The Company paid share issue costs of $687,853 in connection with this private placement.

On December 6, 2019, the Company issued 25,000 common shares on the exercise of stock options for $0.45 per share for total proceeds of $11,250.

Escrow Shares

Under the terms of the escrow policies of the TSX Venture Exchange, all of the 1,165,791 shares issued to directors and officers of the Company before it was listed on the TSX Venture Exchange were escrowed upon issuance. On September 19, 2019, 10% of the escrowed shares were released. The remaining 90% will be released over three years, on the basis of 15% every six months following the first release date. As at December 31, 2019, a total of 1,036,712 common shares were held in escrow.

Stock Options

Under the Company's stock option plan, the maximum number of shares that may be reserved for issuance is limited to 10% of the issued and outstanding common shares of the Company at any time. Under the plan, the exercise price of an option may not be less than the discounted market price. The options may have a maximum term of 10 years and be vested at the discretion of the board of directors.

On September 16, 2019, the Company granted 1,600,000 stock options to certain directors, officers, employees and/or consultants of the Company with an exercise price of $0.45 expiring in 5 years. These stock options vest over 2 years. The fair value of these options was calculated to be $0.12 per option.

On November 1, 2019, under the terms of the Arrangement, the Company issued 1,092,892 stock options to Constantine option-holders, which represents one stock option for every three Constantine options held as of the record date of the Arrangement. The weighted average fair value of these options was calculated to be $0.05 per option.

The weighted average fair value of stock options granted are estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions made during the period ended December 31, 2019:

	Period ended December 31, 2019
Risk-Free Annual Interest	1.53%
Expected Volatility	90.68%
Expected Life of Option	3.12 years
Expected Annual Dividend	0%

(Expressed in Canadian dollars)

Black-Scholes option pricing model require the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value.

	Period ended December 31, 2019	
	Number of options	**Weighted average exercise price**
Opening	-	$ -
Granted	2,692,892	$ 0.74
Exercised	(25,000)	$ 0.45
Ending	**2,667,892**	**$ 0.74**

As at December 31, 2019, the following options are outstanding:

Number of options	Exercisable	Exercise price	Expiry date
116,664	116,664	$1.20	March 6, 2020*
204,160	204,160	$0.86	June 30, 2021
193,745	193,745	$1.37	June 2, 2022
25,000	25,000	$1.59	February 5, 2023
74,999	74,999	$1.46	June 6, 2023
74,999	74,999	$0.94	December 24, 2023
403,325	403,325	$1.16	June 14, 2024
1,575,000	508,333	$0.45	September 16, 2024
2,667,892	**1,601,225**		

*Subsequent to year-end 24,999 options were exercised and the balance of 91,665 expired unexercised.

Share Purchase Warrants

On November 1, 2019, under terms of the Arrangement, the Company issued 4,901,956 share purchase warrants to Constantine warrant-holders which represents one share purchase warrant for every three Constantine warrants held as of the record date of the Arrangement. The weighted average fair value of these warrants was calculated to be $0.03 per warrant.

(Expressed in Canadian dollars)

	Period ended December 31, 2019	
	Number of warrants	**Weighted average exercise price**
Opening	-	$ -
Issued	13,901,956	$ 1.20
Ending	**13,901,956**	**$ 1.20**

As at December 31, 2019, the following warrants are outstanding:

Number of warrants	**Exercise price**	**Expiry date**
8,500,000	$0.70	September 18, 2021
500,000	$0.45	August 19, 2024
4,114,000	$2.15	May 29, 2023
787,956	$2.15	July 19, 2023
13,901,956		

7. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described as follows.

a) Compensation of Key Management Personnel

The compensation paid or payable to key management personnel, including consulting and professional fees for administrative, management, accounting and legal services, and salaries, wages and benefits and share-based compensation provided by these related parties, during the period ended December 31, 2019 are as follows:

	December 31, 2019
	$
Capitalized fees to exploration and evaluation assets	67,195
Management and consulting fees	40,450
Salaries, wages and benefits	124,728
Share-based compensation	81,130
	313,503

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties

(Expressed in Canadian dollars)

b) Related Party Balances

As at December 31, 2019, the Company has the following amounts owed to related parties, included in accounts payable, that are noninterest bearing, unsecured, and have no specified terms of repayment.

	December 31, 2019
	$
Due to Vice President of Investor Relations	8,028
	8,028

8. FINANCIAL INSTRUMENTS

Classification of financial instruments

As at December 31, 2019	Financial assets – amortized costs	Financial liabilities – amortized costs
	$	$
Cash and cash equivalents	12,601,200	-
Amounts receivable	34,254	-
Accounts payable and accrued liabilities	-	434,134
Due to Constantine	-	211,127

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Management of Industry and Financial Risk

The Company is exposed to various risks in relation to financial instruments. The Company's risk management is coordinated at its head office in Canada in close cooperation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivables by performing standard credit checks. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company has working capital of $11,584,069 as at December 31, 2019. There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

c) Foreign exchange risk

The Company operates internationally and is exposed to foreign currency risk arising from currency exposures to Canadian dollars. The main currency to which the Company has an exposure is the U.S. dollar. The Company is exposed to currency risk to the extent of its cash and trade and other payables that are denominated in U.S. dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates. The Company's exposure to currency risk is currently considered insignificant.

d) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not hold any assets or liabilities subject to variable interest rates, and as such, the Company is not exposed to significant interest rate risk.

9. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and expansion of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares or debt, dispose of assets, or adjust the amount of cash and cash equivalents. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company does not pay out dividends in order to conserve cash reserves and to maximize ongoing exploration efforts. The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

(Expressed in Canadian dollars)

The Company is not subject to externally imposed capital requirements as at December 31, 2019 except when the Company issues flow-through shares for which the amount should be used for exploration work. On December 5, 2019, the Company completed a flow-through private placement totalling $2,304,000. As at December 31, 2019, the Company incurred $128,889 in eligible exploration and evaluation expenditures and consequently the Company has the obligation to incur a remaining balance of $2,175,111 in exploration and evaluation expenditures no later than December 31, 2020.

10. SEGMENTED INFORMATION

The assets and operations of the Company are located in Canada and the United States.

For the period ended December 31, 2019:

	Canada	United States	TOTAL
	$	$	$
Period ended December 31, 2019			
Net income (loss)	(1,367,815)	43,237	(1,324,578)
As at December 31, 2019			
Current assets	12,423,354	509,976	12,933,330
Non-current assets	2,936,077	3,196,309	6,132,386
Total liabilities	990,041	359,220	1,349,261

11. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	Period ended December 31, 2019 $
Net loss for the year	(1,324,578)
Expected income tax expense (recovery)	(359,142)
Deductible and non-deductible amounts	(252,080)
Change in valuation allowance	611,222
Deferred income tax recovery	-

(Expressed in Canadian dollars)

There are no deferred tax assets presented in the statement of financial position.

Subject to confirmation with regulatory authorities, deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

Deferred Tax Assets	2019 $
Non-capital losses	1,440,000
Share issue costs	818,000
	2,258,000

As at December 31, 2019, the Company has Canadian non-capital losses of $1,429,000 and US non-capital losses of US$8,000 which will be available to reduce future taxable income earned in Canada and the United States respectively. The Canadian non-capital losses will expire in 2039 and the US non-capital losses will carry forward indefinitely.

12. SUBSEQUENT EVENTS

a) On January 17, 2020, an aggregate of 87,496 stock options of the Company were exercised resulting in the issuance of 87,496 common shares of the Company and cash proceeds of $90,913.

b) On January 22, 2020, the Company issued 30,500 common shares on the exercise of share purchase warrants at $0.70 per share for cash proceeds of $21,350.

c) On January 29, 2020, the Company issued 2,083 common shares on the exercise of options at $0.86 per share for cash proceeds of $1,791.

d) On January 31, 2020, an aggregate of 54,165 stock options of the Company were exercised resulting in the issuance of 54,165 common shares of the Company and cash proceeds of $50,415.

e) On January 31, 2020, the Company issued 15,000 common shares on the exercise of share purchase warrants at $0.70 per share for cash proceeds of $10,500.

f) On March 2, 2020, the Company issued 12,500 common shares on the exercise of share purchase warrants at $0.70 per share for cash proceeds of $8,750.

g) On March 3, 2020, the Company granted 1,330,000 stock options to certain directors, officers and employees of the Company with an exercise price of $1.00 expiring in 5 years.

h) In March 2020, the World Health Organization declared a global pandemic rerated to the virus known as Covid-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world's equity markets and the movement of people and goods has become restricted.

As the Company does not have production activities, the ability to fund ongoing exploration is affected by the availability of financing. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding.

The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of mineral property impairment and going concern uncertainty.

As per IFRS, these subsequent conditions have not been reflected in the measurement of the Company's exploration and evaluation properties as at December 31, 2019.