Kintavar Exploration Inc.

Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

Independent auditor's report

To the Shareholders of Kintavar Exploration Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Kintavar Exploration Inc. and its subsidiary (together, 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 as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

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

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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 identified above 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 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 Maxime Guilbault.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
April 29, 2020

[1] CPA auditor, CA, public accountancy permit No. A128042

Kintavar Exploration Inc.

Consolidated Statements of Financial Position
As of December 31, 2019, and 2018
(In Canadian dollars)

	Note	As at December 31, 2019	As at, December 31, 2018
		$	$
Assets			
Current assets			
Cash and cash equivalents	5	4,106,580	1,125,844
Investments	6	-	5,000,000
Receivables	7	653,547	666,798
Stock		75,888	-
Prepaid expenses		147,786	266,600
Assets held for sale	9	-	1,922,859
Current assets		4,983,801	8,982,101
Non-current assets			
Tax credits and mining rights receivable		-	41,701
Exploration and evaluation assets	8	2,695,788	1,112,805
Property and equipment	10	2,769,742	28,317
Non-current assets		5,465,530	1,182,823
Total assets		**10,449,331**	**10,164 924**
Liabilities			
Current liabilities			,
Bank Overdraft	5	37,266	-
Trade and other payables	11	610,363	450,378
Deferred revenues		11,667	-
Obligations under finance leases	12	15,361	68,686
Long-term debt	14	50,816	-
Liability related to the premium on flow-through shares	13	99,000	120,167
Current liabilities		824,473	639,231
Non-current liabilities			
Deferred tax liability	22	80,863	-
Obligations under finance leases	12	24,580	1,501
Long-term debt	14	991,205	-
Non-current liabilities		1,096,648	1,501
Total liabilities		**1,921,121**	**640,732**
Equity			
Share capital	15	17,391,097	15,481,922
Warrants	16	1,040,101	1,174,607
Broker options	17	40,830	50,259
Stock options	18	1,648,054	945,835
Contributed Surplus		87,155	4,176
Deficit		(11,679,027)	(8,132,607)
Total equity		**8,528,210**	**9,524,192**
Total liabilities and equity		**10,449,331**	**10,164,924**

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

Kintavar Exploration Inc.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2019 and 2018
(In Canadian dollars)

	Note	2019 $	2018 $
Sales revenue		**340,813**	**-**
Operating expenses			
Exploration and evaluation, net of tax credits	20	1,792,899	3,660,877
Cost of goods sold		107,006	-
Salaries and benefits		486,340	211,461
Share-based compensation		728,997	853,984
Professional fees		177,968	170,973
Travel, conference and investor relations		366,070	522,113
General expenses and maintenance		75,525	-
Administration		41,484	28,740
Filing fees		36,798	27,286
Rent		15,500	9,350
Insurances and taxes		27,147	10,278
Impairment of exploration and evaluation assets	8	407,823	56,648
Depreciation of property and equipment	10	71,892	29,080
Operating loss		**(3,994,636)**	**(5,580,790)**
Other income (expenses)			
Interest income		113,422	78,789
Finance costs		(39,155)	(6,773)
		74,267	72,016
Net loss before income taxes		**(3,920,369)**	**(5,508,774)**
Deferred taxes recovery		373,949	819,248
Net loss and comprehensive loss		**(3,546,420)**	**(4,689,526)**
Basic and diluted loss per share		(0.04)	(0.07)
Weighted average number of basic and diluted outstanding shares		84,180,569	69,304,626

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

Kintavar Exploration Inc.

Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(In Canadian dollars)

	Note	Number of shares outstanding	Capital Stock	Warrants	Broker Options	Stock Options	Contributed surplus	Deficit	Total equity
			$	$	$	$	$	$	$
Balance as at January 1, 2019		**80,236,127**	**15,481,922**	**1,174,607**	**50,259**	**945,835**	**4,176**	**(8,132,607)**	**9,524,192**
Loss and comprehensive loss for the period		-	-	-	-	-	-	(3,546,420)	(3,546,420)
Issuance of shares under a private placement	15	3,125,000	593,750	-	-	-	-	-	593,750
Issuance of shares under a flow-through private placement	15	6,000,000	1,200,000	-	-	-	-	-	1,200,000
• Less: premium		-	(300,000)	-					(300,000)
Exercised stock options	18	30,000	7,320	-	-	(3,120)	-	-	4,200
Exercised warrants	16	1,767,696	399,663	(82,277)	-	-	-	-	317,386
Exercised broker options	17	40,501	8,442	-	(2,337)	-	-	-	6,105
Stock-based compensation	18	-	-	-	-	728,997	-	-	728,997
Expired Options	18	-	-	-	-	(23,658)	23,658	-	-
Expired warrants	16	-	-	(52,229)	-	-	52,229	-	-
Expired broker options	15	-	-	-	(7,092)	-	7,092	-	-
Balance as at December 31, 2019		**91,199,324**	**17,391,097**	**1,040,101**	**40,830**	**1,648,054**	**87,155**	**(11,679,027)**	**8,528,210**

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

Kintavar Exploration Inc.

Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(In Canadian dollars)

	Note	Number of shares outstanding	Capital stock	Warrants	Broker Options	Stock Options	Contributed surplus	Deficit	Total equity
			$	$	$	$	$	$	$
Balance as at January 1, 2018		**54,406,503**	**7,127,210**	**234,205**	**12,448**	**100,921**	**176**	**(3,443,081)**	**4,031,879**
Loss and comprehensive loss for the period		-	-	-	-	-	-	(4,689,526)	(4,689,526)
Issuance of shares under a private placement		17,598,182	5,975,901	1,063,372	40,830	-	-	-	7,080,103
Issuance of shares under a flow-through private placement		5,767,247	3,114,314	-	-	-	-	-	3,114,314
• Less: premium		-	(927,958)	-	-	-	-	-	(927,958)
Exercised stock options		48,750	11,895	-	-	(5,070)	-	-	6,825
Exercised warrants		2,195,109	482,023	(99,700)	-	-	-	-	382,323
Exercised broker options		48,758	10,796	-	(3,019)	-	-	-	7,777
Acquisition of mining properties for shares		40,000	14,800	19,600	-	-	-	-	34,400
Repurchase of mining royalties for shares		131,578	50,000	-	-	-	-	-	50,000
Expired Options		-	-	-	-	(4,000)	4,000	-	-
Stock-based compensation		-	-	-	-	853,984	-	-	853,984
Share issue costs		-	(377,059)	(42,870)	-	-	-	-	(419,929)
Balance as at December 31, 2018		**80,236,127**	**15,481,922**	**1,174,607**	**50,259**	**945,835**	**4,176**	**(8,132,607)**	**9,524,192**

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

Kintavar Exploration Inc.

Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(In Canadian dollars)

	Note	2019	2018
		$	$
Operating activities			
Net loss for the period		(3,546,420)	(4,689,526)
Adjustments for:			
Accrued interest on investments		(24,178)	(58,858)
Stock-based compensation		728,997	853,984
Depreciation of property and equipment		71,892	26,587
Loss on disposal of property and equipment		-	2,493
Impairment of exploration and evaluation assets	8	407,823	56,648
Deferred tax recovery	22	(373,949)	(819,248)
Gain on write-off of obligation under finance lease		(4,537)	-
Changes in non-cash working capital items	23	252,305	(382,995)
Cash flows used in operating activities		**(2,488,067)**	**(4,978,842)**
Investing activities			
Business acquisition, net of cash and cash equivalents acquired	4	(1,795,854)	-
Addition to investments		-	(7,500,000)
Disposal or maturities of investments		5,000,000	2,500,000
Additions of exploration and evaluation assets		(67,947)	(30,102)
Additions of property, and equipment		(157,650)	(29,500)
Cash flows from (used in) investing activities		**2,978,549**	**(5,059,602)**
Financing activities			
Private placements	15	-	7,080,103
Flow-through private placements	15	1,200,000	3,114,314
Options exercised		4,200	6,825
Share issuance costs		-	(477,699)
Exercise of broker options		6,105	7,777
Exercise of warrants		317,386	382,323
Increase in long-term debt		1,000,000	-
Increased bank overdraft		(2,517)	
Repayment of long-term debt		(13,399)	-
Obligations under financial leases repayment		(21,521)	(12,786)
Cash flows from financing activities		**2,490,254**	**10,100,857**
Net change in cash and cash equivalents		2,980,736	30,340
Cash and cash equivalents - beginning		1,125,844	1,095,504
Cash and cash equivalents - ending		**4,106,580**	**1,125,844**

Non-cash transactions (note 23)

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

1. NATURE OF OPERATIONS

Kintavar Exploration Inc. (the “Corporation”) was formed on March 24, 2017 upon the issuance of an amalgamation certificate under the *Business Corporations Act* (Quebec) and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Corporation’s class A common shares (“Shares”) are listed on the TSX Venture Exchange (the “Exchange”) under the symbol KTR. The address of the Corporation's registered office and principal place of business is 75, boul. de Mortagne, Boucherville, Quebec, Canada, J4B 6Y4.

The Corporation has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the ability of the Corporation to obtain necessary financing to pursue the exploration and evaluation on its mining properties.

The present audited financial statements (the “Financial Statements”) have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In 2019, the Corporation reported a net loss of $3,546,420 ($4,689,526 in 2018) and has an accumulated deficit of $11,679,027 ($8,132,607 in 2018). As at December 31, 2019, the Corporation had working capital of $4,159,328 ($8,342,870 as of December 31, 2018).

Management of the Corporation believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve (12) months as they fall due. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the *International Financial Reporting Standards* (“IFRS”) as issued by the *International Accounting Standards Board* (“IASB”).

The financial statements were approved by the Corporation’s Board of Directors on April 29, 2020.

2.2 Basis of measurement

The Financial Statements have been prepared on a historical cost basis except for certain assets carried at fair value. The Corporation has elected to present the statement of loss and comprehensive loss in a single statement.

2.3 Consolidation method

The financial statements of the Corporation include its accounts and those of its subsidiary Pourvoirie Fer à Cheval (“the Fer à Cheval”) wholly owned and acquired on August 1, 2019. Control refers to the power to direct the financial and operating policies of an entity in order to benefit from its activities. All intra-group transactions, balances, revenues and expenses are eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Functional and presentation currency

The Financial Statements are presented in Canadian dollars, which is the Corporation's functional currency.

2.5 Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

a) Financial assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

Amortized cost:
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash and cash equivalents, investments and accounts receivable are classified within this category.

b) Financial liabilities

Amortized cost:
Accounts payable and accrued liabilities are initially measured at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

c) Impairment of financial assets

Amortized cost:
The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less or cashable at any time without penalties.

2.7 Taxes credits and mining rights receivable

The Corporation is entitled to a refundable tax credit on qualified exploration expenditures incurred and a refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration and evaluation expenses incurred. As the Corporation intends to realize the carrying value of its assets and settle the carrying value of its liabilities through the sale of its exploration and evaluation assets, the related deferred tax has been calculated accordingly.

2.8 Short-term investments

The Corporation considers short-term investments to be those whose terms at the time of purchase are more than 90 days but less than one year.

2.9 Inventory

The inventory consists of gasoline, food, drink, housekeeping equipment and promotional materials that will be used to sell products or provide future outfitting services. Inventory is valued at the lower of cost and net realizable value. The cost is determined using the average cost method.

2.10 Exploration and evaluation expenses

Exploration and evaluation ("E&E") assets include rights in exploration properties, paid or acquired through a business combination or an acquisition of assets. Mining rights are recorded at acquisition cost less accumulated impairment losses. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production.

E&E expenses include costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. E&E expenses also include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Expenditures relating to E&E activities are expensed as incurred.

E&E include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for the Corporation's mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The E&E expenses are recorded in the statement of loss and comprehensive loss until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives the Board of Directors approval, at which time the mine project moves into the development phase.

E&E include overhead expenses directly attributable to the related activities.

From time to time, the Corporation may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded when they are made or received. Proceeds on the sale of exploration properties are applied by property in reduction of the exploration properties and any residual is recorded in the statement of comprehensive loss unless there is contractual work required in which case the residual gain is deferred and will reduce the contractual disbursements when done.

2.11 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Rolling stock	3 to 5 years
Right-of-use assets	Duration of lease agreements
Outfitter trails	20 years
Power line	20 years
Spawning grounds	20 years
Outfitter equipment	10 years
Buildings	20 years

The depreciation expense for each period is recognized in the statement of loss and comprehensive loss. In the case of certain items of property and equipment related to E&E activities on a project that has not reached the phase at which the Corporation capitalizes its E&E expenses, the depreciation expense is recognized in the statement of loss and comprehensive loss. Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the statement of loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Leases

The Corporation leases certain equipment. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases with a term in excess of twelve months and for other than low-value assets are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Corporation. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in statement of loss. Low-value assets comprise IT and exploration equipment and small items of office furniture.

2.13 Devaluation of non-financial assets

E&E assets are reviewed for impairment, by area of interest, if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

2.14 Deferred Income

Amounts received or receivable prior to the service delivery are classified as deferred revenues. Deferred revenues include the portion of the amounts received or charged on hunting and fishing packages for which services have not yet been rendered. Since the deposit period from customers never exceeds 12 months, all deferred revenues are classified as current liabilities.

2.15 Revenue Recognition

Sales revenue consists of revenue from the sale of outfitting packages and the sale of related goods such as promotional material, gasoline, hunting and fishing licenses, food and beverages.

Revenue from the sale of packages is recognized as services are rendered. Revenue from the sale of goods is recognized when control is transferred to the customer, which is realized upon delivery of the product.

Revenue is measured at the fair value of the consideration received.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Income taxes

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

Current tax expense is the expected tax payable on the 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not provided for if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 financial position reporting date.

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

Deferred income tax assets and liabilities are presented as noncurrent and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Equity

Capital stock represents the amount received on the issue of shares. Warrants represent the allocation of the amount received for units issued as well as the charge recorded for the broker options relating to financing.

Contributed surplus includes charges related to stock options until they are exercised and the warrants that are expired and not exercised. Deficit includes all current and prior period retained profits or losses and share issue expenses.

Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model.

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the deficit in the year in which the shares are issued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Flow-through shares

The Corporation finances some E&E expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the amount recorded as common share and the amount paid by the investors for the shares (the “premium”), measured with the residual value method, is accounted for as flow-through share premium, which is reversed to income as recovery of deferred income taxes when the eligible expenses are incurred. The Corporation recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred.

2.19 Stock-based compensation

The Corporation operates an equity-settled share-based remuneration plan (share options plan) for its eligible directors, officers, employees and consultants. The Corporation's plan does not feature any options for a cash settlement.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. The expense is recorded over the vesting period for employees and over the period covered by the contract for non-employees

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or service received, the Corporation shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black-Scholes option pricing model and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognized as an expense in the statement of loss and comprehensive loss with a corresponding credit to contributed surplus, in equity. Broker options, in respect of an equity financing are recognized as share issue expense reducing the equity with a corresponding credit to warrants.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in contributed surplus are then also transferred to capital stock.
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the weighted average number of shares outstanding during the year for the calculation of the dilutive effect of warrants and stock options unless they have an anti-dilutive effect.

2.21 Segment disclosures

The Corporation currently operates in two segments – the acquisition, exploration and evaluation of exploration properties and the operation of a hunting and fishing and outdoor outfitter. All of the Corporation's activities are conducted in Canada.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results could differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

JUDGMENTS

3.1 Impairment of E&E assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of E&E assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further E&E of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period.

The total impairment loss of the E&E assets recognized is $407,823 for 2019 ($56,648 for 2018) of which $388,913 is included in the discontinued operations in Note 9. No reversal of impairment losses has been recognized for the reporting periods.

3.2 Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

3.3 Valuation of credit on duties refundable for loss and the refundable tax credit for resources.

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including credit on mining duties and tax credit related to resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Corporation's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority.

Differences arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods.

The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and its financial performance and cash flows.

3.4 Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

3.5 Discontinued operations and assets held for sale

A non-current asset (or disposal group) is reclassified as held for sale and reclassified to current assets if the Corporation expects that its carrying value will be recovered principally through a sale transaction and not through its continued use provided that the asset (or disposal group) is available for immediate sale in its present condition and realization of its sale is highly probable. A high probability of sale is considered to exist when the Corporation is committed to a plan to sell the asset (or disposal group), has undertaken an active program to actively market the asset (or disposal group) and locate a buyer at a price reasonable in relation to fair value of the asset (or disposal group), and expects the sale process to be concluded within one year following the date of reclassification. The assets and liabilities of any subsidiary for which the Corporation is committed to sell and for which loss of control of the subsidiary is expected to occur are also reclassified as held for sale.
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Any component of the Corporation which, while in use, represented one or more cash-generating units ("CGUs") of the Corporation, has been disposed of or classified as held for sale, and represents a major line of business or geographical area of operations or is part of a single plan to dispose of such a business or operation or is otherwise a subsidiary acquired exclusively for resale is classified as a discontinued operation. The assets, liabilities, comprehensive income, and cash flows relating to a discontinued operation of the Corporation are segregated and reported separately from the continuing operations of the Corporation in the period of reclassification.

As of December 31, 2018, the Anik property was classified as held for sale. See note 9 for more information.

4. BUSINESS ACQUISITION

On August 1, 2019, the Corporation acquired 100% of the issued and outstanding shares of the Pourvoirie Fer à Cheval. The consideration paid for this transaction is detailed in the table below. This business combination has been accounted for using the acquisition method and the results of operations have been included starting from the effective date of the acquisition.

Assets acquired and liabilities assumed have been recorded at their estimated fair value at the closing date of the acquisition, which is August 1, 2019.

(In Canadian Dollars)

4. BUSINESS ACQUISITION (CONT'D)

The purchase price allocation is based on management's best estimate, as follows:

Acquisition costs	**$**
Cash	1,800,000
Issue of 3,125,000 shares(i)	593,750
Working capital adjustment	1,378
	2,395,128

Net assets acquired	**$**
Cash and cash equivalents	5,524
Receivables	21,614
Stock	64,460
Prepaid expenses	44,294
Property and equipment	2,655,667
Line of credit	(39,783)
Trade and other payables	(68,581)
Deferred revenues	(48,563)
Deferred tax liability	(133 645)
Obligations under finance leases(iii)	(50,439)
Long-term debt(ii)	(55,420)
	2,395,128

(i) See note 15 for details of the shares issued in connection with the acquisition.
(ii) See note 14 for details of long-term debts acquired or incurred in connection with the acquisition.
(iii) See note 12 details on the obligations under finance leases acquired.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include available cash, bank balances, line of credit and short-term liquid investments with an original maturity of up to 3 months or redeemable at any time without penalty.

The short-term investments held as at December 31, 2019 and classified as cash equivalents are as follows:

- Redeemable with no penalty guaranteed investment certificate with a 2.10% interest payable annually, maturing on August 6, 2020 and having a Maturity value of $2,645,573.
- Redeemable with no penalty guaranteed investment certificate with a 2.09% interest payable, maturing on January 6, 2020 and having a Maturity value of $601,374.
- Non-cashable Guaranteed Investment certificate with a 2.09% interest payable, maturing on January 10, 2020 and having a Maturity value of $900,000.

The Corporation has the following credit facility:

- Operating line of credit, which provides for advances of up to $50,000, bearing interest at the financial institution's prime rate plus 2.35% (effective rate of 6.30% as at December 31, 2019). As at December 31, 2019, the amount outstanding under this credit facility was $37,266.

(In Canadian Dollars)

5. CASH AND CASH EQUIVALENTS (CONT'D)

The flow-through financing balance not yet spent according to the restrictions imposed by the financing completed on October 17, 2019 represents $393,567 as at December 31, 2019. The Corporation must dedicate these funds to Canadian exploration expenses to be completed before December 31, 2020.

6. INVESTMENTS

The investments as at December 31, 2019 consist of two guaranteed investment certificates that are non-cashable prior to maturity. The first certificate with a maturity value of $1,517,467 bears interest at 2.31% payable at maturity on January 25, 2019. The second certificate with a maturity value of $3,591,000 bears interest at 2.6% payable at maturity, on July 25, 2019.

Following their maturity in 2019, the withdrawn amounts were invested in redeemable investments and therefore classified as cash equivalents, as detailed in note 5.

7. RECEIVABLES

	As at December 31, 2019	As at December 31, 2018
	$	$
Accounts receivable	3,969	1,494
Sales taxes receivable	289,752	307,325
Tax credits and mining rights receivable	335,648	244,494
Interest receivable	24,178	58,858
Other	-	54,627
Receivables	**653,547**	**666,798**

8. EXPLORATION AND EVALUATION ASSETS

Mining properties acquisition costs	As at Jan. 1, 2019	Additions	Impairment	Transferred – held for sale (note 9)	As at Dec. 31, 2019
	$	$	$	$	
Mitchi	931,164	26,978	(17,778) 1)	-	940,364
Anik	-	21,708	(388,913) 1)	1,922,859	1,555,654
Rivière à l'aigle	117,046	12,848	-	-	129,894
Gaspard nord	1,133	653	-	-	1,786
Cousineau	3,785	2,104	(1,132) 1)	-	4,757
New Mosher	8,883	914	-	-	9,797
Wabash	25,534	650	-	-	26,184
Baie Johann Beetz	25,260	2,092	-	-	27,352
	1,112,805	**67,947**	**(407,823)**	**1,922,859**	**2,695,788**

(In Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Mining properties acquisition costs	As at Jan. 1, 2018	Additions	Impairment	Transferred – held for sale (note 9)	As at Dec. 31, 2018
	$	$	$	$	
Mitchi	871,365	59,799	-	-	931,164
Anik	1,918,950	3,909	-	(1,922,859)	-
Rivière à l'aigle	160,324	-	(43,278) [1)]	-	117,046
Gaspard nord	1,133	-	-	-	1,133
Cousineau	3,785	-	-	-	3,785
New Mosher	8,883	-	-	-	8,883
Dalime	13,370	-	(13,370) [2)]	-	-
Wabash	-	25,534	-	-	25,534
Baie Johann Beetz	-	25,260	-	-	25,260
	2,977,810	**114,502**	**(56,648)**	**(1,922,859)**	**1,112,805**

1) Some claims were dropped, and the Corporation impaired partially the property.

2) The Corporation wrote off the property since no exploration program is planned for the near future and or dropped all the claims

8.1 Mitchi

On August 7, 2018, the Corporation signed an agreement with Minière Osisko Inc. ("Osisko") to repurchase the 1% NSR royalty on 21 claims from the Mitchi property for 131,578 shares issued at a price of $0.38, the equivalent of $50,000.

8.2 Anik

This property was reclassified in 2018 to assets held for sale and reinstated in exploration and evaluation assets in 2019. Refer to note 9 for more details on this transaction.

8.3 Wabash and Baie Johan Beetz

On July 20, 2018, the Corporation signed a purchase agreement with an individual to acquire the Wabash property in the Parent region, Québec. The property is purchased under the following considerations: $5,000 in cash, issuance of 20,000 shares at the closing price on the previous day, which was $0.37 and issuance of 50,000 warrants exercisable for 24 months, also at $0.37. The property is subject to a 0.25% net smelter return ("NSR") royalty.

The same day, the Corporation signed a purchase agreement with a private company to acquire the Baie Johan Beetz ("BJB") property in the Havre-Saint-Pierre region, Québec. The property is purchased under the following considerations: $5,000 in cash, issuance of 20,000 shares and issuance of 50,000 warrants exercisable for 24 months at $0.37

(In Canadian Dollars)

9. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

On January 24, 2019, the Corporation has entered into a letter of intent ("LOI"), with an arm's length party, with respect to the acquisition by Monster Exploration the 100% interests in the Anik gold project ("Anik").

Since discussions related to the sale of the property were in progress as of December 31, 2018, the exploration and evaluation assets related to the property were reclassified to assets held for sale while the expenditures and cash flows were reclassified as discontinued operations.

On December 15, 2019, following the failure to obtain funding to create a new corporation, Kintavar terminated the existing agreement with Monster Exploration. As a result, the property was reclassified in 2019 as exploration and evaluation assets (note 8). The results associated with this property and their 2018 comparative figures have been reclassified in continuing operations.

Extract from the consolidated statement of Income and Comprehensive Income

	Fiscal 2018 as presented	Adjustment	Fiscal 2018 Reclassified
	$	$	$
Exploration and evaluation, net of tax credits	3,628,804	32,073	3,660,877
Net loss - discontinued operations	32,073	(32,073)	-
Net loss and comprehensive loss	**(4,689,526)**	**-**	**(4,689,526)**

10. PROPERTY AND EQUIPMENT

	Net book value January 1, 2019	Additions	Write-off	Depreciation	Net book value December 31, 2019
	$	$		$	$
Rolling stock	24,586	157,650	-	(11,789)	170,447
Right-of-use assets	3,731	-	-	(2,633)	1,098
Outfitter trails[1)]	-	77,032	-	(1,605)	75,427
Electric line[1)]	-	154,064	-	(3,210)	150,854
Spawning grounds[1)]	-	77,032	-	(1,605)	75,427
Outfitting equipment[1)]	-	419,823	-	(17,493)	402,330
Buildings[1)]	-	1,927,716	-	(33,557)	1,894,159
	28,317	**2,813,317**	**-**	**(71,892)**	**2,769,742**

	Net book value January 1, 2018	Additions	Write-off	Depreciation	Net book value December 31, 2018
	$	$		$	$
Rolling stock	-	29,500	-	(4,914)	24,586
Right-of-use assets	6,364	76,160	(57,120) [2)]	(21,673)	3,731
	6,364	**105,660**	**(57,120)**	**(26,587)**	**28,317**

(In Canadian Dollars)

10. PROPERTY AND EQUIPMENT (CONT'D)

	As at December 31, 2019			As at December 31, 2018
	Cost	**Accumulated Depreciation**	**Net book value**	**Net book value**
	$	**$**	**$**	**$**
Rolling stock	187,150	(16,703)	170,447	24,586
Right-of-use assets	7,900	(6,802)	1,098	3,731
Outfitter trails[1)]	77,032	(1,605)	75,427	-
Electric line[1)]	154,064	(3,210)	150,854	-
Spawning grounds[1)]	77,032	(1,605)	75,427	-
Outfitting equipment[1)]	419,823	(17,493)	402,330	-
Buildings[1)]	1,927,716	(33,557)	1,894,159	-
	2,850,717	**(80,975)**	**2,769,742**	**28,317**

1) Assets acquired in connection with the business acquisition that took place on August 1, 2019. See note 4 for more information on this transaction.

2) A vehicle acquired in 2018 suffered an accident during the year leading to its total loss. A claim has been submitted to the insurance Corporation. As at December 31, 2018, an amount receivable of $54,627 for the purpose of extinguishing the debt was recorded in the prepaids and others.

11. TRADE AND OTHER PAYABLES

	As at December 31, 2019	As at December 31, 2018
	$	**$**
Trade payables and accrued liabilities	422,386	344,624
Due to Geomega Resources Inc. (note 21)	60,357	37,844
Accrued salaries	62,299	28,530
Accrued vacations	63,444	39,380
Government remittances	1,877	-
Trade and other payables	**610,363**	**450,378**

(In Canadian Dollars)

12. OBLIGATIONS UNDER FINANCE LEASE

	As at December 31, 2019	As at December 31, 2018
	$	$
Obligation under finance lease, at 26.9%, payable in monthly instalments of $322, maturing in May 2020.	1,500	4,509
Obligation under finance lease, at 7.3%, payable in monthly instalments of $1,308, maturing in January 2023. [1)]	-	65,679
Obligation under finance lease, 15.58%, payable in monthly instalments of $2,012, maturing in November 2021.	16,951	-
Obligation under finance lease, 4.99%, payable in monthly instalments of $559, maturing in June 2023.	21,490	-
Current position	(15,361)	(68,687)
Obligations under finance lease non-current portion	**24,580**	**1,501**

[1)] This obligation relates to a vehicle that was involved in a crash in September 2018. In 2019, an amount has been transferred from the insurance to the creditor, as a result, the obligation was fully extinguished by December 31, 2019.

13. LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

	2019	2018
	$	$
Balance, beginning	120,167	69,227
Addition, net of issue costs	300,000	870,188
Reduction related to qualifying exploration expenditures	(321,167)	(819, 248)
Liability related to the premium on flow through shares	**99,000**	**120,167**

(In Canadian Dollars)

14. LONG-TERM DEBT

	As at December 31, 2019	As at December 31, 2018
	$	$
Term loan secured by a first mortgage on the present and future movable properties of the Corporation, on the current immovable properties and on the universality of the receivables as well as by a joint guarantee of the Corporation and its subsidiary. The loan bears interest at 5.67%. Interest and principal of $2,778 are payable monthly, maturing in August 2034.	488,888	-
Term loan secured by a first mortgage on the present and future movable properties of the Corporation, on the current immovable properties and on the universality of the receivables as well as by a joint guarantee of the Corporation and its subsidiary. The loan bears interest at 6.55%. Interest is payable monthly, and the payment of principal begins in August 2020 until July 2035. The loan is payable through 180 installments of $4,369.	500,000	-
Term loan secured by a first mortgage on certain equipment at a rate of 7.49% and payable in installments of $1,079, maturing in November 2024.	53,133	-
Current portion	(50,816)	-
Long-term debt - non-current portion	**991,205**	**-**

15. SHARE CAPITAL

15.1 Authorized

The Corporation is authorized to issue an unlimited number of class A, B, C common shares and class A, B, C and D special shares. Only shares are issued with the following restrictions and privileges: voting, participating with dividend as declared by the Board of Directors.

There are 6,101,017 shares held in escrow as at December 31, 2019 (10,803,073 as at December 31, 2018).

15.2 Private placements

a) October 2019

On October 18, 2019, the Corporation closed a private placement consisting of 6,000,000 flow-through shares at a price of $0.20 per unit for aggregate gross proceeds of $1,200,000. No warrant, commission or broker option has been issued with this transaction.

The Corporation’s share value at closing is deemed to be $0.15 on October 17, 2019. Therefore, the residual value attributed to the benefit related to flow-through shares renunciation is $0.05, for a total value of $300,000, credited to the liability related to the premium on flow-through shares.

15. SHARE CAPITAL (CONT'D)

b) August 2019

On August 1, 2019, the Corporation issued 3,125,000 common shares of the Corporation in connection with the acquisition of the Fer à Cheval (note 4). The shares are subject to voluntary escrow for a period of 2 years, 25% being released every 6 months.

For accounting purposes, the shares are recorded at fair value on the transaction date, which is the fair closing value on August 1, 2019, $0.19 per share, for a total of $593,750.

c) April and June 2018

On April 6, June 15 and June 27, 2018, the Corporation closed a private placement in three tranches consisting of 5,767,247 flow through shares at a price of $0.54 per share and of 17,598,182 units at a price of $0.40 per unit for aggregate gross proceeds of $10,153,587. Each unit being comprised of one share and one-half warrant, each whole warrant entitling the holder hereof to acquire one share at a price of $0.70 per share for 2 years.

From the total proceeds received from the 17,598,182 emitted units for $7,039,273, $1,063,372 has been allocated to warrants and $5,975,901 to capital stock, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 100%, a risk-free interest rate of 1.78% and an expected life of 2 years.

Concerning the flow-through private placement, the Corporation's share value at closing is deemed to be $0.385 and $0.375 for June 15 and 27, 2018, respectively. Therefore, the residual value attributed to the benefit related to flow-through shares renunciation is $0.155 and $0.165 respectively, for a total value of $927,958 credited to the liability related to the premium on flow-through shares

In connection with this financing, the Corporation issued an aggregate of 243,613 finder warrants. Each finder warrant entitles the holder to purchase one share at a price of $0.54 for 2 years. The total compensation warrants cost amounted to $40,830 and this fair value was estimated using the Black-Scholes model with the same assumptions as the warrants

15.3 Loss per share

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted loss per share, potential common shares such as stock options, broker options and warrants have not been included, as they would have the effect of decreasing the loss per share from continuing operations. Decreasing the loss per share from continuing operations would be antidilutive.

15.4 Capital management

The Corporation's objective in managing capital is to safeguard its ability to continue its operations as well as its E&E programs. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares and acquire or sell mining rights to improve its financial performance and flexibility. The Corporation's capital is composed of equity and balances thereof and changes therein are depicted in the statement of changes in shareholders' equity.

(In Canadian Dollars)

15. SHARE CAPITAL (CONT'D)

The Corporation is not subject to externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Corporation closes a flow-through private placement in which case the funds are reserved in use for exploration expenses (and the Corporation was in compliance during the year).

16. WARRANTS

Changes in the Corporation's warrants are as follows:

	2019			2018		
	Number of warrants	**Carrying Value**	**Weighted average exercise price**	**Number of warrants**	**Carrying Value**	**Weighted average exercise price**
		$	**$**		**$**	**$**
Balance, beginning	12,059,479	1,174,607	0.557	5,355,498	234,205	0.168
Issued	-	-	-	8,899,091	1,040,102	0.696
Exercised	(1,767,696)	(82,277)	0.180	(2,195,109)	(99,700)	0.174
Expired	(1,392,692)	(52,229)	0.142	-	-	-
Balance, end	**8,899,091**	**1,040,101**	**0.696**	**12,059,479**	**1,174,607**	**0.557**

Warrants outstanding as at December 31, 2019 are as follows:

Number of warrants	**Exercise price**	**Expiry date**
	$	
3,125,000	0.70	April 6, 2020
3,165,342	0.70	June 15, 2020
2,508,750	0.70	June 27, 2020
100,000	0.37	July 20, 2020
8,899,091		

17. BROKER OPTIONS

Changes in the Corporation's broker options are as follows:

	2019			2018		
	Number of broker options	**Carrying Value**	**Weighted average exercise price**	**Number of broker options**	**Carrying Value**	**Weighted average exercise price**
		$	**$**		**$**	**$**
Balance, beginning	405,053	50,259	0.383	210,198	12,448	0.150
Issued	-	-	-	243,613	40,830	0.540
Exercised	(40,501)	(2,337)	0.151	(48,758)	(3,019)	0.159
Expired	(120,939)	(7,092)	0.143	-	-	-
Balance, end	**243,613**	**40,830**	**0.540**	**405,053**	**50,259**	**0.383**

(In Canadian Dollars)

17. BROKER OPTIONS (CONT'D)

Broker options outstanding as at December 31, 2019 are as follows:

Number of broker options	Exercise price	Expiry date
	$	
90,593	0.54	June 15, 2020
153,020	0.54	June 27, 2020
243,613		

18. STOCK OPTIONS

Changes in stock options are as follows:

	2019		2018	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Balance, beginning	7,546,250	0.34	1,595,000	0.14
Granted	1,235,000	0.17	6,225,000	0.36
Exercised	(30,000)	0.14	(48,750)	0.14
Forfeited	(321,250)	0.25	(175,000)	0.40
Expired	(142,500)	0.22	(50,000)	0.20
Balance, end	**8,287,500**	**0.32**	**7,546,250**	**0.34**
Balance, end exercisable	5,798,750	0.32	2,360,000	0.29

Stock options outstanding as at December 31, 2019 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		$	
1,102,500	1,102,500	0.14	March 23, 2022
150,000	150,000	0.14	August 28, 2022
150,000	150,000	0.14	December 29, 2022
5,150,000	3,862,500	0.40	June 27, 2023
400,000	200,000	0.35	September 17, 2023
100,000	50,000	0.17	December 10, 2023
1,135,000	283,750	0.17	June 20, 2024
100,000	-	0.15	November 26, 2024
8,287,500	**5,798,750**		

On June 20, 2019, the shareholders of the Corporation renewed the stock option plan which provides that the maximum number of Shares in the capital of the Corporation that may be reserved for issuance under the plan is limited to a maximum of 10% of the Shares outstanding.

On November 26, 2019, the Corporation granted its employee 100,000 stock options at a price of $0.145. The fair value of these stock options is $10,400, or a fair value of $0.104 per option. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 1.501%, expected volatility of 99.99%, no dividend per share and expected option of 3.75 years.

(In Canadian Dollars)

18. STOCK OPTIONS (CONT'D)

On June 20, 2019, the Corporation granted its directors, officers, employees and consultants 1,135,000 stock options at a price of $0.165. The fair value of these stock options is $127,120, or a fair value of $0.112 per option. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 1.329%, expected volatility of 101.32%, no dividend per share and expected option duration of 3.75 years.

On December 10, 2018, the Corporation granted to two consultants a total of 350,000 options exercisable at $0.17. Total stock-based compensation costs amount to $49,350 for an estimated fair value of $0.141 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 2.01% risk-free interest rate and 3.75 years options expected life.

On September 17, 2018, the Corporation granted to an employee 400,000 options exercisable at $0.35. Total stock-based compensation costs amount to $88,400 for an estimated fair value of $0.221 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 2.21% risk-free interest rate and 3.75 years options expected life.

On June 27, 2018, the Corporation granted to its directors, officers, employees and consultants 5,475,000 options exercisable at $0.40. Total stock-based compensation costs amount to $1,522,050 for an estimated fair value of $0.278 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.94% risk-free interest rate and 5 years options expected life.

All options granted bear the same conditions. From the grant date, the options are vest 25% per 6 months, are valid for 5 years and were granted at an exercise price equal to the closing market value of the shares preceding the grant.

The expected life of stock options was estimated by benchmarking comparable situations for companies similar to the Corporation. The expected volatility is determined by calculating the historical volatility of the price of the Corporation's common shares prior to the issue date and for a period corresponding to the expected life of the Options.

19. REMUNERATION

	2019	**2018**
	$	**$**
Salaries	1,201,100	977,125
Directors fees	20,000	20,000
Benefits	156,991	167,591
Salaries and benefits	1,378,091	1,164,716
Salaries and benefits presented in the exploration and evaluation expenses	(891,751)	(953,255)
Salaries and benefits presented in the statement of loss	**486,340**	**211,461**

(In Canadian Dollars)

20. EXPLORATION AND EVALUATION EXPENSES

	2019	2018
	$	$
Salaries and benefits	891,751	953,255
Geology and prospecting	132,287	292,653
Drilling	328,531	1,048,189
Analysis	169,369	267,881
Geophysics	34,727	595,772
Geochemistry	6,196	18,483
Metallurgy	90,067	-
Lodging and travel	187,220	371,534
Supplies	277,465	342,650
Taxes, permits and insurance	10,934	36,165
Exploration and evaluation expenses before tax credits	**2,128,547**	**3,926,582**
Tax credits	(335,648)	(265,705)
Exploration and evaluation expenses	**1,792,899**	**3,660,877**

21. RELATED PARTY TRANSACTIONS

21.1 Transactions with Geomega

As of December 31, 2019, Geomega holds 18.49% of the Corporation (22.3% as at December 31, 2018).

Effective on January 1, 2017, the Corporation signed an agreement to hire Geomega as subcontractor to execute the exploration work after January 1, 2017. Geomega charged the following expenses, in the normal course of operations:

	2019	2018
	$	$
Exploration and evaluation assets	50,908	63,709
Travel, conference and investor relations	18,920	11,976
Rent	15,500	9,350
Administration	95	(99)
Total	**85,423**	**84,936**

As of December 31, 2019, the Corporation owes $60,357 ($36,382 as at December 31, 2018) to Geomega, and this due to a shareholder with significant influence is non-interest bearing, unsecured and due on demand.

21.2 In the normal course of operations

- A firm in which a director and officer is a partner charged legal professional fees amounting to $17,239 ($48,549 in 2018) recorded as professional fees, share issuance expenses and listing fees.
- A company controlled by an officer (in position from March 24, 2017 to November 19, 2018) charged professional fees for CFO and bookkeeping services for a total of $86,782 in 2018.
- As at December 31, 2019, the balance due to related parties mentioned in this section amounted to $1,418 ($8,078 as at December 31, 2018).

(In Canadian Dollars)

21. RELATED PARTY TRANSACTIONS (CONT'D)

21.3 Out of the normal course of operations

- Legal fees totaling $71,173 were paid by the Corporation to a company in which a director is a partner in connection with the acquisition of the Fer à Cheval.
- In November 2019, the Fer à Cheval acquired Geomega's rolling stock for $19,501. This equipment is used for outfitter activities as well as exploration work carried out by the Corporation.

22. INCOME TAXES

The income tax expense is made up of the following component

	2019	2018
	$	$
Recovery of deferred income taxes		
Premium on flow-through share issuance	321,167	819,248
Deferred taxes recovery	52,782	-
Total - deferred income taxes recovery	**373,949**	**819,248**

The provision for income taxes presented in the financial statements is different from what would have resulted from applying the combined Canadian Statutory tax rate as a result of the following:

	2019	2018
	$	$
Net loss before income taxes	(3,920,369)	(5,508,774)
Combined federal and provincial income tax of 26.60% (26.70% in 2018)	(1,042,818)	(1,470,843)
Non-deductible expenses	207,249	221,150
Tax effect of renounced flow-through share expenditures	328,902	840,863
Amortization of flow-through share premiums	(321,167)	(819,248)
Current tax losses for which no deferred income tax asset was recognized	453,885	408,782
Other elements	-	48
	(373,979)	**(819,248)**

(In Canadian Dollars)

22. INCOME TAXES (CONT'D)

Significant components of the Corporation's deferred income tax assets and liabilities are as follows:

	2019	2018
	$	$
Deferred tax assets		
Non-capital losses	266,799	113,210
Total deferred income tax assets	266,799	113,210
Deferred tax liabilities		
Fixed assets	(347,662)	(15,451)
E&E assets	-	(97,759)
Total deferred tax liabilities	(347,662)	(113,210)
Deferred tax liabilities	**(80 863)**	**-**

The ability to realize the tax benefits in Kintavar is dependent upon a number of factors, including the sale of properties. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recognized. Accordingly, some deferred tax assets have not been recognized; these deferred tax assets not recognized amount to $1,136,002.

As of December 31, the Corporation had unrecognized deferred tax assets as follows:

	2019	2018
	$	$
Fixed assets	451	-
E&E expenses	374,441	189,942
E&E assets	10,810	-
Share issue costs	113,476	156,779
Obligations under financial leases	-	18,740
Non-capital losses	636,824	304,004
Deferred tax assets	**1 136 002**	**669,465**

(In Canadian Dollars)

22. INCOME TAXES (CONT'D)

As of December 31, 2019, expiration dates of losses available to reduce future years' income tax are:

	Federal	Provincial
	$	$
2031	307,186	320,838
2032	103,771	103,771
2033	167,175	167,176
2034	163,580	163,580
2035	175,213	175,109
2036	224,539	224,433
2037	308,227	308,165
2037	387,555	387,415
2038	1,190,086	1,181,836
2039	369,751	364,747
	3,397,083	**3,397,070**

23. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

Change in non-cash working capital items

	2019	2018
	$	$
Receivables	100,744	(287,421)
Stock	(11,428)	-
Prepaid expenses and others	108,481	(263,337)
Mining rights receivable classified as non-current assets	-	(41,701)
Trade and other payables	91,404	209,464
Deferred revenues	(36,896)	-
	252,305	**(382,995)**

Non-cash transactions

	2019	2018
	$	$
Right-of-use assets acquired	-	76,160
Write-off of a fixed asset for insurance receivable	-	54,627
Acquisition of exploration and evaluation assets and evaluation through issuance of shares	-	14,800
Acquisition of exploration and evaluation assets and evaluation through issuance of warrants	-	19,600
Repurchase of mining royalties through issuance of shares	-	50,000
Acquisition of business through issuance of shares	593,750	-
Reduction of an obligation under finance lease following repayment by insurances	54,627	-

(In Canadian Dollars)

24. FINANCIAL INSTRUMENTS AND RISKS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Corporation's main financial risk exposure and its financial risk management policies are as follows:

24.1 Market Risk

Interest rate fair value risk

Since the guaranteed investment certificates are at fixed rates, the Corporation is not exposed to interest rate risk on the instruments themselves. The Corporation's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

All loans incurred in connection with the acquisition and operation of the Fer à Cheval bear interest at a fixed rate and therefore expose the Corporation to the risk of variation in the fair value resulting from fluctuations in interest rates, however the impact is not material.

24.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and cash equivalents, investments and accounts receivable. The Corporation reduces its credit risk by maintaining part of its cash and cash equivalents and its investments in financial instruments held with a Canadian chartered bank, with a broker which is a subsidiary of a Canadian chartered bank or with an independent investment dealer member of the Canadian Investor Protection Fund.

As at December 31,2019, the cash and cash equivalents are composed of guaranteed investment certificates issued by Canadian banks or guaranteed by the Canadian Investor Protection Fund. Amounts receivables are non significative and the carrying amount of cash and cash equivalents and investments represents the Corporation's maximum credit exposure. Nevertheless, management considers the credit risk to be minimal.

24.3 Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. Management believes that it has sufficient funds to finance its operations and meet its obligations as they come due.

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As at December 31, 2019, the Corporation is committed to future minimum payments of principal and interest on the debt, as follows:

	Up to 1 year	**1 to 5 years**	**More than 5 years**	**Total**
	$	**$**	**$**	**$**
Bank overdraft (note 5)	37,266	-	-	37,266
Trade and accrued liabilities (note 11)	422,386	-	-	422,386
Obligations under financial leases (note 12)	18,351	27,926	-	46,277
Long-term debt (note14)	114,171	482,356	966,683	1,563,210
	592,174	**510,282**	**966,683**	**2,069,139**

24. FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

24.4 Fair value

The carrying value of cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities are considered to be a reasonable approximation of their fair value because of the short-term maturity and contractual terms of these instruments.

The estimated fair value is determined at the statement of financial position date based on relevant market information and other financial instrument information and is therefore classified as Level 1 in the fair value hierarchy.

25. SUBSEQUENT EVENTS

After the fiscal year ended December 31, 2019, the COVID-19 pandemic had a significant and negative impact on the world financial market as well as on the price of several metals, including copper, the main resources of the Corporation's project portfolio. The Corporation continues to monitor and evaluate the impact on its exploration activities and on the operation of the Fer à Cheval's operations. The potential impact is uncertain, and it is difficult to measure reliably the extent of the COVID-19 pandemic on future financial results.