GOLD TERRA RESOURCE CORP.
(formerly TerraX Minerals Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2020

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gold Terra Resource Corp.

Opinion

We have audited the consolidated financial statements of Gold Terra Resource Corp. (formerly TerraX Minerals Inc.) (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the 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 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 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 19, 2020

GOLD TERRA RESOURCE CORP.
(Formerly TerraX Minerals Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note		January 31, 2020		January 31, 2019
ASSETS					
Current					
Cash and cash equivalents	3	$	4,768,241	$	954,126
Receivables	4		106,145		57,436
Prepaids and deposits			91,402		70,188
			4,965,788		1,081,750
Non-current					
Deposit	6		25,000		25,000
Equipment	5		14,208		78,720
Reclamation deposits	7		152,540		140,000
Right-of-use asset	6		95,355		-
Exploration and evaluation assets	8, 9		32,141,229		28,218,025
			32,428,332		28,461,745
		$	37,394,120	$	29,543,495
LIABILITIES					
Current					
Trade payables and accrued liabilities	10, 11	$	605,861	$	242,182
Lease liability	6		47,446		-
			653,307		242,182
Non-current					
Lease liability	6		53,449		-
Deferred income tax liability	17		7,000		202,000
			60,449		202,000
			713,756		444,182
SHAREHOLDERS' EQUITY					
Share capital	12		47,732,879		38,138,658
Share-based payment reserve	12, 13		3,537,030		3,863,752
Deficit			(14,589,545)		(12,903,097)
			36,680,364		29,099,313
		$	37,394,120	$	29,543,495

Nature and continuance of operations (Note 1)
Commitments (Notes 9 and 17)
Subsequent events (Note 18)

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

GOLD TERRA RESOURCE CORP.
(Formerly TerraX Minerals Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

		For the years ended January 31	
	Note	**2020**	**2019**
EXPENSES			
Amortization	5	$ 64,512	$ 63,854
Consulting	11	308,930	469,247
Depreciation of right-of-use asset	6	47,678	-
Directors' fees	11	33,500	30,000
Management compensation	11	300,000	200,000
Office, rent and miscellaneous		194,530	178,693
Professional fees		80,843	73,346
Share-based payments	11, 12, 13	81,935	332,752
Transfer agent, filing fees and shareholder communications		596,139	416,177
Travel and related costs		178,369	247,680
		(1,886,436)	(2,011,749)
OTHER ITEMS			
Interest income		18,388	8,257
Finance costs	6	(14,871)	-
Flow-through share premium reversal	12, 16	541,500	657,143
Impairment of exploration and evaluation assets	9	(540,029)	-
LOSS BEFORE INCOME TAXES		(1,881,448)	(1,346,349)
Deferred income tax expenses		195,000	(202,000)
NET AND COMPREHENSIVE LOSS FOR THE YEAR		$ (1,686,448)	$ (1,548,349)
Loss per share - basic and diluted		$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		132,875,906	115,872,646

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

GOLD TERRA RESOURCE CORP.
(Formerly TerraX Minerals Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Share-based payment reserve	Deficit	Total shareholders' equity
Balance as at January 31, 2018		107,343,162	$ 32,010,874	$ 3,738,352	$ (11,354,748)	$ 24,394,478
Loss for the year		-	-	-	(1,548,349)	(1,548,349)
Shares issued for acquire exploration and evaluation assets	12	300,000	115,000	-	-	115,000
Shares issued to private placement	12	14,307,143	6,380,000	-	-	6,380,000
Share issuance costs	12	-	(491,751)	71,954	-	(419,797)
Flow-through share premium	12, 16	-	(657,143)	-	-	(657,143)
Shares issued on exercise of options	12	2,150,000	458,200	-	-	458,200
Shares issued on exercise of finders warrants	12	110,430	44,172	-	-	44,172
Reallocation of share-based payment reserves	12	-	279,306	(279,306)	-	-
Share-based payments	12	-	-	332,752	-	332,752
Balance as at January 31, 2019		124,210,735	38,138,658	3,863,752	(12,903,097)	29,099,313
Loss for the year		-	-	-	(1,686,448)	(1,686,448)
Shares issued for acquire exploration and evaluation assets	12	5,050,000	1,263,000	-	-	1,263,000
Shares issued to private placement	12	30,532,500	9,078,000	-	-	9,078,000
Share issuance costs	12	-	(916,479)	57,543	-	(858,936)
Flow-through share premium	12, 16	-	(541,500)	-	-	(541,500)
Shares issued on exercise of options	12	700,000	245,000	-	-	245,000
Reallocation of share-based payment reserves	12	-	466,200	(466,200)	-	-
Share-based payments	12	-	-	81,935	-	81,935
Balance as at January 31, 2020		**160,493,235**	**$ 47,732,879**	**$ 3,537,030**	**$ (14,589,545)**	**$ 36,680,364**

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

GOLD TERRA RESOURCE CORP.
(Formerly TerraX Minerals Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Note	For the years ended January 31 2020	2019
Cash provided by (used in):			
Operating activities			
Net loss		$ (1,686,448)	$ (1,548,349)
Items not involving cash:			
Deferred income tax expenses (recovery)		(195,000)	202,000
Amortization		64,512	63,854
Depreciation - right-of-use assets		47,678	-
Share-based payments		81,935	332,752
Flow-through premium reversal		(541,500)	(657,143)
Non cash interest		14,871	-
Impairment of exploration and evaluation assets		540,029	-
Changes in non-cash working capital items:			
Receivables		(11,632)	58,989
Prepaids and deposits		(21,214)	(9,238)
Trade payables and accrued liabilities		(71,550)	66,613
Net cash used in operating activities		(1,778,319)	(1,490,522)
Investing activities			
Cash acquired from acquistion of subsidiary		109,280	-
Equipment		-	(4,028)
Expenditures on exploration and evaluation assets		(2,944,087)	(5,086,544)
Reclamation bond		(12,540)	-
Net cash used in investing activities		(2,847,347)	(5,090,572)
Financing activities			
Issuance of common shares, net of share issuance costs		8,496,790	6,462,574
Payment of lease liability		(57,009)	-
Net cash provided by financing activities		8,439,781	6,462,574
Change in cash and cash equivalents		3,814,115	(118,520)
Cash and cash equivalents - beginning of year		954,126	1,072,646
Cash and cash equivalents - end of year		$ 4,768,241	$ 954,126

Supplemental cash flow information (Note 15)
The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Gold Terra Resource Corp. (formerly TerraX Minerals Inc.) (the “Company” or “Gold Terra”) was incorporated under the Business Corporations Act (British Columbia) on August 1, 2007 and its principal activity is the exploration and development of mineral properties in Canada. The Company trades on the TSX Venture Exchange (“TSX-V”).

The head office of the Company is located at 2300 – 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2. The registered address and records office of the Company is located at 2200-885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

The Company has one wholly-owned subsidiary, Gold Matter Corporation which was incorporated under the Business Corporations Act (Ontario).

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at January 31, 2020 the Company has not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These consolidated financial statements were authorized for issue on May 19, 2020 by the directors of the Company.

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

Basis of presentation
These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, the Company’s functional currency, unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Significant estimates and assumptions
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments assumptions, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the impairment of exploration and evaluation assets.

Exploration and evaluation expenditures
Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farm outs
The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Equipment

Equipment is stated at cost, less accumulated amortization. Amortization expense is calculated using the straight-line method, applying an annual rate of 30%.

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 benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Comparative information

Certain amounts of the prior year balances have been reclassified to conform with the presentation of the current year financial statements.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments (cont'd)

(ii) Measurement

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments (cont'd)

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Impairment of assets
The carrying amount of the Company's long-lived assets (which includes equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:
The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions, the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and, accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("deferred premium on flow through shares"). As the qualifying expenditures are incurred, a deferred tax liability is recognized and the deferred premium will be reversed provided that the Company has renounced, or there is reasonable expectation that the Company will renounce, the tax benefits associated with the related expenditures. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Restoration and environmental obligations
The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration 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 restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration 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 mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As at January 31, 2020, the Company has no known material restoration and environmental obligations.

New standard IFRS 16 "Leases"
Effective February 1, 2019, the Company adopted IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company applied IFRS 16 at the start of the fiscal year beginning on February 1, 2019 and applied the simplified transition approach which does not require restatement of comparative periods, as permitted under the specific transitional provisions in the standard. The right-of use asset was measured on transition as if the new standard had been applied since the respective lease's commencement date but using the Company's incremental borrowing rate of 12% as at February 1, 2019. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized on the opening balance sheet on February 1, 2019. On adoption of IFRS 16, the Company recognized lease liability in relation to an office lease which had previously been classified as "operating lease" under the principles of IAS 17 Leases. The Company has elected to exclude leases with terms less than 12 months or leases with low value. This office lease has a term to January 31, 2022. The Company recognized a right-of use asset of $143,033 on February 1, 2019 and a lease liability of $143,033.

(Expressed in Canadian dollars)

3. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

		January 31, 2020		January 31, 2019
Cash at bank	$	118,241	$	54,126
Term deposits		4,650,000		900,000
	$	4,768,241	$	954,126

At January 31, 2020, the Company has variable rate investments of $4,650,000 (January 31, 2019 - $900,000) yielding variable interest rates between 1.70% to 1.80%. The term deposits allow for early redemption after the first 30 days of investment and mature on various dates.

4. RECEIVABLES

Receivables consist of the following:

	Note		January 31, 2020		January 31, 2019
GST/HST receivable		$	97,177	$	52,840
Interest receivable			8,796		4,596
Other receivable			172		-
		$	106,145	$	57,436

5. EQUIPMENT

Cost		
Balance, January 31, 2018	$	223,298
Acquisitions		4,028
Balance, January 31, 2019		227,326
Acquisitions		-
Balance, January 31, 2020	$	227,326
Accumulated amortization		
Balance, January 31, 2018	$	84,752
Acquisitions		63,854
Balance, January 31, 2019		148,606
Amortization		64,512
Balance, January 31, 2020	$	213,118
Net book value, January 31, 2019	$	78,720
Net book value, January 31, 2020	$	14,208

Included in equipment is vehicles with net book value of $6,658 and office furniture and equipment with net book value of $7,550 as at January 31, 2020.

(Expressed in Canadian dollars)

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company leases an office under non-cancellable operating lease with a term to January 31, 2022. Upon transition to IFRS 16, the Company recognized $143,033 of right-of-use assets and $143,033 of lease liabilities.

The lease liability at February 1, 2019 can be reconciled to the operating lease obligations as of January 31, 2019 as follows:

Operating lease obligations as at January 31, 2019	$ 171,027
Discounting using the February 1, 2019 incremental borrowing rate	(27,994)
Operating lease obligations as at February 1, 2019	143,033

The lease liability was discounted using an incremental borrowing rate as at February 1, 2019 of 12% per annum.

Lease liability - February 1, 2019	$ 143,033
Less: lease payments	(57,009)
Interest expense	14,871
	100,895
Less: current portion of lease liability - January 31, 2020	(47,446)
Long-term portion of lease liability - January 31, 2020	$ 53,449

The continuity of right-of-use asset for the year ended January 31, 2020 is as follows:

Cost		
Balance, January 31, 2019	$	-
Initial valuation		143,033
Balance, January 31, 2020	$	143,033
Accumulated amortization		
Balance, January 31, 2019	$	-
Amortization		47,678
Balance, January 31, 2020	$	47,678
Net book value, January 31, 2019	$	-
Net book value, January 31, 2020	$	95,355

During the year ended January 31, 2020, the Company recognized amortization of right-of-use asset of $47,678 and interest expense on the lease liability of $14,871.

The Company holds a $25,000 (January 31, 2019 - $25,000) rent deposit with the landlord for the office lease.

(Expressed in Canadian dollars)

7. RECLAMATION DEPOSITS

To January 31, 2020, security deposits of $152,540 (January 31, 2019 - $140,000) were deposited with the Minister of Aboriginal Affairs and Northern Development Canada for land use permits issued by the Mackenzie Valley Land and Water Board (“MVLWB”) for the Company’s exploration properties in the Northwest Territories. The deposits will be refunded once the land use permit ends and a final report describing land use activities during the respective term of the permits are submitted to MVLWB and subsequent reclamation activities are completed.

8. ACQUISITION OF GOLD MATTER COPORATION

On October 21, 2019 the Company completed the acquisition of 100% of the issued and outstanding shares of Gold Matter Corporation (“Gold Matter”) by issuing 5,000,000 shares of the Company for total consideration of $1,313,331 based on the closing price of the Company’s shares on the date of acquisition, including transaction costs of $63,331. Gold Matter’s sole asset is the Mulligan Gold property located in the Province of New Brunswick (see Note 9).

The Company concluded that the acquired assets did not constitute a business and accounted for the transaction as an asset acquisition. The purchase price was allocated according to the assets acquired as follows:

Cash	$	172,611
HST and exploration grants receivable		37,076
Exploration and evaluation asset acquired		1,103,644
Total consideration	$	1,313,331

9. EXPLORATION AND EVALUATION ASSETS

(a) Yellowknife City Gold Project, Northwest Territories

The Yellowknife City Gold Project (“YCG”) is comprised of the Northbelt, Southbelt, Eastbelt and Quyta-Bell properties in the Northwest Territories as well as additional claims and property interests that have been acquired and incorporated into the Northbelt, Southbelt and Eastbelt properties as described in more detail below.

In May 2013, the Company granted Osisko Gold Royalties Ltd. (formerly Virginia Mines Inc.) (“Osisko”) an option to acquire a 2% net smelter return royalty (“NSR”) on the Northbelt property. Osisko may exercise the option by payment of $2,000,000 within three months following the commencement of production. In consideration of granting the option, the Company received 20,000 common shares of Osisko at a market value of $10 per share, the value of which was applied to reduce the acquisitions costs recorded for Northbelt by $200,000 during the period.

On May 12, 2015, the Company entered into an agreement to grant an option to Osisko to purchase a 1.0% NSR on the YCG. To purchase this option, Osisko paid the Company $1,000,000 (received), which was applied as a reduction to the carrying value of the YCG. The option also entitles Osisko to purchase a 1.0% NSR on production from the properties that comprise the YCG by payment of an additional $2,000,000 within 3 months following commencement of production.

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

(a) Yellowknife City Gold Project, Northwest Territories (cont'd)

Northbelt Property

The Company owns 100% of the mineral lease and claims in the Northbelt Property.

To January 31, 2020 the Company has incurred exploration and evaluation expenditures, net of recoveries, totalling $27,399,720 (January 31, 2019 - $24,179,440) on the Northbelt Property.

On October 28, 2013, as amended on October 21, 2015, the Company entered into an option agreement to acquire a 100% interest in the Walsh Lake Property, which is contiguous with and immediately east of the Northbelt Property. Effective as of February 1, 2017, the Company completed the option terms and acquired the Walsh Lake Property where it has now become part of the Northbelt.

Southbelt Property

The Company owns 100% of the mineral claims in the Southbelt Property.

To January 31, 2020, the Company has incurred exploration and evaluation expenditures totalling $583,617 (January 31, 2019 - $566,859) on the Southbelt Property.

Eastbelt Property

On February 1, 2017, the Company announced that it had staked certain claims east of the City of Yellowknife known as the Eastbelt Property that have been incorporated into the YCG.

On September 15, 2017, the Company acquired contiguous claims which have been incorporated into the Eastbelt Property. The claims are subject to a 2% NSR. The Company has the right, at any time, to purchase 1% of the 2% NSR for $1,000,000. On completion of the acquisition, the Company is also obligated to pay an annual advance royalty of $6,000 until the commencement of production. As consideration, the Company paid $10,000 and issued 50,000 common shares at a fair value of $25,500. The Company is obligated to pay a further $20,000 (paid) and issue 50,000 common shares at a fair value of $20,000 on or before November 1, 2018 (issued) (Note 12) and pay an additional $20,000 (paid) and issue another 50,000 common shares on or before November 1, 2019 (issued) (Note 12).

On November 17, 2017, the Company acquired an additional contiguous claim that has been incorporated into the Eastbelt Property. As consideration, the Company paid $5,000 and issued 40,000 common shares at a fair value of $20,000. The Company also incurred additional acquisition costs of $17,166.

On September 25, 2018 the Company acquired additional contiguous claims, the Tom and Sickle claims, that have been incorporated into the Eastbelt Property. As consideration, the Company paid $25,000 and issued 250,000 common shares at a fair value of $95,000 (Note 12). The Company also incurred additional acquisition costs of $132,380. These claims are subject to a 2% net smelter royalty.

To January 31, 2020 the Company has incurred total exploration and evaluation expenditures, net of recoveries, of $1,518,902 (January 31, 2019 - $1,496,872) on the Eastbelt Property.

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

(a) Yellowknife City Gold Project, Northwest Territories (cont'd)

Quyta-Bell Property

On March 7, 2018, the Company announced that it had expanded its land position at the YCG project through the staking of an additional 337.5 square kilometers immediately to the north of its current properties. These additional 47 claims have been named the Quyta-Bell property and have been incorporated into the YCG.

To January 31, 2020 the Company has incurred total exploration and evaluation expenditures, net of recoveries, of $447,538 (January 31, 2019 - $367,580).

(b) Stewart Property, Newfoundland

The Company entered into an option agreement to acquire a 100% interest in the Stewart Property located in the Burin Peninsula of Newfoundland. The Company completed its commitments and acquired 100% interest.

The Stewart Property is subject to a 2% NSR. The Company has the right, at any time, to purchase 1% of the 2% NSR for $1,000,000.

To January 31, 2020, the Company has incurred expenditures totalling $1,081,708 (January 31, 2019 - $1,607,274) on the Stewart Property. Two licenses were lapsed during the year, resulting in an impairment of $540,029 (2019 – $Nil).

(c) Mulligan Property, New Brunswick

On October 21, 2019 the Company acquired 100% interest in the Mulligan Property through the acquisition of Gold Matter (Note 8).

To January 31, 2020, the Company has incurred expenditures totalling $1,109,744 (January 31, 2019 - $Nil) on the Mulligan Property.

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

The following are details of the Company's exploration and evaluation assets:

	Northbelt	Southbelt	Eastbelt	Quyta-Bell	Stewart	Mulligan	Total
Balance at January 31, 2018	$ 20,452,377	$ 544,832	$ 1,045,832	$ -	$ 1,601,374	$ -	$ 23,644,415
Acquisition costs	158,871	1,800	292,380	92,261	2,300	-	547,612
Exploration costs:							
Assays and drilling	1,466,330	-	-	-	3,600	-	1,469,930
Community	234,782	-	500	-	-	-	235,282
Consulting (Note 10)	1,138,609	1,951	173,955	24,906	-	-	1,339,421
Environmental	58,981	14,242	3,328	13,757	-	-	90,308
Field expenses	583,696	-	111,726	11,796	-	-	707,218
Geophysical	85,794	4,034	39,901	224,860	-	-	354,589
	3,568,192	20,227	329,410	275,319	3,600	-	4,196,748
Recoveries	-	-	(170,750)	-	-	-	(170,750)
Balance at January 31, 2019	$ 24,179,440	$ 566,859	$ 1,496,872	$ 367,580	$ 1,607,274	$ -	$ 28,218,025
Acquisition costs	41,013	5,177	45,307	3,728	-	1,109,744	1,204,969
Exploration costs:							
Assays and drilling	2,210,297	-	-	-	-	-	2,210,297
Community	187,818	-	-	-	-	-	187,818
Consulting (Note 10)	407,805	8,256	600	27,728	13,338	-	457,727
Environmental	107,412	2,250	-	-	-	-	109,662
Field expenses	245,292	1,075	123	81,825	-	-	328,315
Geophysical	20,643	-	-	20,212	1,125	-	41,980
	3,179,267	11,581	723	129,765	14,463	-	3,335,798
Impairment	-	-	-	-	(540,029)	-	(540,029)
Recoveries	-	-	(24,000)	(53,535)	-	-	(77,535)
Balance at January 31, 2020	$ 27,399,720	$ 583,617	$ 1,518,902	$ 447,538	$ 1,081,708	$ 1,109,744	$ 32,141,229

(Expressed in Canadian dollars)

10. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities consist of the following:

	Note		January 31, 2020		January 31, 2019
Trade payables		$	389,436	$	105,994
Due to related parties	11		165,448		103,688
Accrued liabilities			50,977		32,500
		$	605,861	$	242,182

11. RELATED PARTY TRANSACTIONS

Related party balances

As at January 31, 2020, $165,448 (January 31, 2019 - $103,688) was due to directors of the Company or to companies controlled by directors of the Company and recorded in trade payables and accrued liabilities. These amounts are unsecured and non-interest bearing with no fixed terms of repayment.

Key Management Compensation

The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration to key management of the Company as defined above was as follows:

		Year ended January 31, 2020		January 31, 2019
Consulting fees	$	232,300	$	371,125
Directors' fees		33,500		30,000
Geological consulting - exploration and evaluation assets [a]		827,769		1,423,486
Management compensation		300,000		200,000
Accounting fees		-		25,000
Share-based payments		71,244		273,244
	$	1,464,813	$	2,322,855

[a] The Company incurred $827,769 (2018: $1,423,486) of geological consulting fees for its exploration and evaluation assets with a company related to the former Executive Chairman and current Chief Operating Officer of the Company.

12. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares without par value.

Issued share capital

Fiscal 2020

a) On June 26, 2019 the Company completed a private placement comprised of 1,782,500 common shares of the Company (the "Shares") at a price of $0.36 per Share, 2,430,000 flow-through common shares of the Company (the "FT Shares") at a price of $0.41 per FT Share and 3,000,000 charity flow-through common shares of the Company (the "Charity FT Shares") at a price of $0.50 per Charity FT Share, for aggregate gross proceeds of $3,138,000. Share issuance costs of $293,299 in cash were incurred with respect to this placement along with the issuance of 373,546 compensation warrants exercisable at $0.36 per common share until June 26, 2021. The total fair value of these finder's warrants of $57,543 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.46% and an expected volatility of 51%.

b) On October 21, 2019 the Company completed a private placement comprised of 1,000,000 common shares of the Company (the "Shares") at a price of $0.36 per Share, for aggregate net proceeds of $359,250.

c) On December 27, 2019 the Company closed a bought deal financing (the "Offering") with BMO Capital Markets (the "Underwriter") for aggregate gross proceeds of $5 million. Pursuant to the Offering, a total of 20 million common shares of the Company were issued at a price of $0.25 per share for gross proceeds of $5 million. The Offering was made through the Underwriter. Share issuance costs of $537,019 were incurred with respect to this Offering.

   The Company granted the Underwriter an option exercisable at the offering price for a period of 30 days following the closing of the Offering, to purchase up to an additional 10% of the number of common shares sold under the Offering to cover over-allotments, if any. The Offering was completed by way of a short form prospectus filed in all provinces in Canada, except Quebec, and offered and sold elsewhere outside of Canada on a private placement basis.

   Concurrent with the completion of the Offering, the Company issued an aggregate of 320,000 common shares at a price of $0.25 per share for gross proceeds of $80,000. These shares were issued on a non-brokered private placement basis and are subject to a statutory hold period in Canada expiring on April 28, 2020. No commission or other fees were paid in connection with the issuance of such shares.

d) On January 17, 2020, pursuant to the over-allotments provided in the Offering, the Underwriter purchased 2 million common shares at a price of $0.25 per share for gross proceeds of $500,000. Share issuance costs of $27,868 were incurred in connection with the issuance of these shares.

e) During the year ended January 31, 2020, the Company received net proceeds of $245,000 from the exercise of 700,000 options at $0.35 per share. The value of these options of $466,200 was reclassified from share-based payment reserve to share capital.

f) During the year ended January 31, 2020 the Company issued 5,000,000 common shares with a value of $1,250,000 as consideration for the acquisition of exploration and evaluation assets (Notes 8 and 9).

g) During the year ended January 31, 2020, the Company issued 50,000 common shares with a value of $13,000 towards consideration for the acquisition of exploration and evaluation assets (Note 9).

12. SHARE CAPITAL (cont'd)

Issued share capital **(cont'd)**

Fiscal 2019

a) On April 12, 2018, the Company completed a private placement of 4,312,500 units ("Units") at a price of $0.40 per unit and 4,107,143 flow-through units ("FT Units") at a price of $0.56 per flow-through unit, for aggregate gross proceeds of $4,025,000. Each Unit is comprised of one common share and one half of one transferable non-flow-through common share purchase warrant (each whole such common share purchase warrant, a " Warrant"). Each FT Unit is comprised of one flow-through common share and one half of one Warrant (issued on a non-flow-through basis). Each Warrant is exercisable into one additional non-flow-through common share of the Company for a period of three years from closing, subject to an exercise acceleration trigger, at an exercise price of $0.60 per share. There was a flow-through share premium with respect to this placement of $0.16 per share, or $657,143. Share issuance costs of $419,797 in cash were incurred with respect to this placement along with the issuance of 420,982 finder's warrants exercisable at $0.40 per common share for a period of 24 months from closing. The total fair value of these finder's warrants of $71,954 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.88% and an expected volatility of 63%.

b) On November 16, 2018 the Company completed a non-brokered private placement of 5,887,500 units ("Units") at a price of $0.40 per unit for aggregate gross proceeds of $2,355,000. Each Unit is comprised of one common share and one transferable common share purchase warrant (a "Warrant"). Each Warrant shall be exercisable into one additional common share of the Company for a period of three years from closing at an exercise price of $0.60.

c) During the year ended January 31, 2019, the Company received net proceeds of $44,172 from the exercise of 110,430 warrants. The value of these warrants of $25,205 was reclassified from share-based payment reserve to share capital.

d) During the year ended January 31, 2019, the Company received net proceeds of $458,200 from the exercise of 2,150,000 stock options at an average price of $0.21 per share. The value of these options of $254,101 was reclassified from share-based payment reserve to share capital.

e) During the year ended January 31, 2019, the Company issued 300,000 common shares with a value of $115,000 towards consideration for the acquisition of exploration and evaluation assets (Note 9).

(Expressed in Canadian dollars)

12. SHARE CAPITAL (cont'd)

Stock options

The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding common shares.

Stock option transactions and the number of stock options for the year ended January 31, 2020 are summarized as follows:

Expiry date	Exercise price ($)	January 31, 2018	Issued	Exercised	January 31, 2019	Issued	Exercised	Expired / cancelled	January 31, 2020
February 11, 2018	0.32	250,000	-	(250,000)	-	-	-	-	-
March 16, 2018	0.35	190,000	-	(190,000)	-	-	-	-	-
March 26, 2018	0.38	100,000	-	(100,000)	-	-	-	-	-
June 28, 2018	0.17	1,610,000	-	(1,610,000)	-	-	-	-	-
March 14, 2019	0.35	1,050,000	-	-	1,050,000	-	(700,000)	(350,000)	-
May 5, 2019	0.61	500,000	-	-	500,000	-	-	(500,000)	-
August 26, 2019	0.83	2,000,000	-	-	2,000,000	-	-	(2,000,000)	-
May 17, 2020	0.62	1,250,000	-	-	1,250,000	-	-	-	1,250,000
June 20, 2020	0.49	250,000	-	-	250,000	-	-	-	250,000
September 8, 2020	0.61	1,595,000	-	-	1,595,000	-	-	(50,000)	1,545,000
June 15, 2021	0.41	-	1,250,000	-	1,250,000	-	-	-	1,250,000
December 30, 2024	0.30	-	-	-	-	2,710,000	-	-	2,710,000
Options outstanding		8,795,000	1,250,000	(2,150,000)	7,895,000	2,710,000	(700,000)	(2,900,000)	7,005,000
Options exercisable		7,974,535	156,250	(2,150,000)	7,113,750	-	(700,000)	(2,900,000)	4,138,750
Weighted average exercise price ($)		$ 0.53	$ 0.41	$ 0.21	$ 0.60	$ 0.30	$ 0.35	$ 0.73	$ 0.45

As January 31, 2020, the weighted average remaining life of options outstanding was 2.35 years.

Fiscal 2020

On December 31, 2019, the Company granted 2,710,000 stock options to officers, directors and consultants of the Company that can be exercised at $0.30 per share until December 30, 2024. These options vest 25% every three months after six months following the date of grant. The total fair value of $320,610 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.33% and an expected volatility of 56.88%.

The Company recorded $81,935 in share-based compensation expense for stock options which vested during the year ended January 31, 2020.

(Expressed in Canadian dollars)

12. SHARE CAPITAL (cont'd)

Stock options **(cont'd)**

Fiscal 2019

On June 15, 2018, the Company granted 1,250,000 stock options to an officer of the Company that can be exercised at $0.41 per share until June 15, 2021. These options vest as to 12.5% immediately and 12.5% every three months over a twenty-one month period following date of grant. The total fair value of $219,442 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 1.92% and an expected volatility of 62.43%. The vesting of granted stock options resulted in a share-based compensation expense of $168,559 being recorded during the year ended January 31, 2019.

The Company recorded $164,193 of share-based compensation expense for stock options that were granted in previous periods but which vested during the year ended January 31, 2019.

Warrants

The Company measures warrants issued with common shares in unit private placements using the residual method. During the years ended January 31, 2019 and 2018, the issue price of units was not higher than the market price of the Company's shares at the time of issuance. Accordingly, no value was allocated to such warrants.

Warrant transactions and the number of warrants for the year ended January 31, 2020 are summarized as follows:

Expiry date	Exercise price ($)	January 31, 2018	Issued	Exercised	Expired	January 31, 2019	Issued	Expired	January 31, 2020
April 15, 2018	0.40	140,430	-	(110,430)	(30,000)	-	-	-	-
May 6, 2018	0.40	11,400	-	-	(11,400)	-	-	-	-
June 5, 2018	0.55	297,360	-	-	(297,360)	-	-	-	-
June 18, 2018	0.55	475,660	-	-	(475,660)	-	-	-	-
June 24, 2018	0.55	84,050	-	-	(84,050)	-	-	-	-
July 29, 2018	0.42	26,250	-	-	(26,250)	-	-	-	-
August 19, 2018	0.42	1,266,475	-	-	(1,266,475)	-	-	-	-
May 6, 2019	0.50	1,436,500	-	-	-	1,436,500	-	(1,436,500)	-
May 12, 2019	0.50	1,379,778	-	-	-	1,379,778	-	(1,379,778)	-
April 12, 2021	0.60	-	4,209,821	-	-	4,209,821	-	-	4,209,821
April 12, 2021	0.40	-	420,982	-	-	420,982	-	-	420,982
June 26, 2021	0.36	-	-	-	-	-	373,546	-	373,546
November 17, 2021	0.60	-	5,887,500	-	-	5,887,500	-	-	5,887,500
Warrants outstanding		5,117,903	10,518,303	(110,430)	(2,191,195)	13,334,581	373,546	(2,816,278)	10,891,849
Weighted average exercise price ($)		$ 0.49	$ 0.59	$ 0.40	$ 0.47	$ 0.57	$ 0.36	$ 0.50	$ 0.58

As at January 31, 2020, the weighted average remaining life of warrants outstanding was 1.53 years.

13. SHARE-BASED PAYMENT RESERVE

The share-based payment reserve records items recognized as share-based payments until such time that the stock options and finder's warrants are issued, granted and exercised, at which time the corresponding amount will be transferred to share capital.

14. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 Company's primary exposure to credit risk is on its cash held in bank accounts and its receivables. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's receivables are mostly tax receivables from the government. The risk related to receivables is assessed low.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is, therefore, assessed as high.

Foreign exchange risk
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company operates in Canada and is, therefore, not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has positive cash balances at January 31, 2020 and no interest bearing debt, therefore, interest rate risk is nominal.

Capital management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars)

14. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

Fair value

The Company classifies its financial instruments into categories as follows: cash and receivables as financial assets at amortized cost; and trade payables as financial liabilities at amortized cost. The fair value of the Company's financial assets and liabilities approximates their carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Cash and cash equivalents are classified as level 1.

15. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended January 31, 2020 and 2019, the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	For the years ended January 31	
	2020	**2019**
Exploration expenditures included in trade payables and accrued liabilities	$ 513,760	$ 111,258
Share issuance costs included in trade payables and accrued liabilities	$ 32,727	$ -
Fair value of shares issued for mineral property option payments	$ 13,000	$ 115,000
Fair value of shares issued for mineral property acquisition	$ 1,250,000	$ -
Fair value of finder's warrants	$ 57,542	$ 71,953
Fair value of share-based payments reallocated to share capital	$ 466,200	$ 254,101
Fair value of warrants reallocated to share capital	$ -	$ 25,205

16. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

	January 31, 2020	**January 31, 2019**
Balance, beginning of period	$ -	$ -
Deferred premium on flow-through shares issued	541,500	657,143
Recognition of deferred premium on flow-through shares	(541,500)	(657,143)
Balance, end of period	$ -	$ -

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended January 31, 2019, the Company received $2,300,000 from the issue of flow-through shares at a premium to the market price and recognized a deferred premium on flow-through shares of $657,143. During the year ended January 31, 2019 the Company incurred and renounced eligible

(Expressed in Canadian dollars)

16. DEFERRED PREMIUM ON FLOW-THROUGH SHARES (cont'd)

expenditures of $2,300,000. These expenditures will not be available to the Company for future deduction from taxable income.

During the year ended January 31, 2020, the Company received $2,496,300 from the issuance of flow-through shares at a premium to the market price of the Company's shares and recognized a deferred premium on flow-through shares of $541,500. During the year ended January 31, 2020 the Company incurred and renounced eligible expenditures of $2,496,300. These expenditures will not be available to the Company for future deduction from taxable income.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as deferred income. As at January 31, 2020, the Company has no further qualifying expenditure commitments regarding flow-through share proceeds from flow-through shares issued during the year ended January 31, 2020.

17. INCOME TAXES

Provision for deferred tax

As future taxable profits of the Company are uncertain, the net deferred tax asset has not been recognized. As at January 31, 2020, the Company has approximately $10,450,000 of non-capital losses that can be offset against taxable income in future years which begin expiring at various dates commencing in 2028.

A reconciliation of the expected income tax recovery to the actual income tax expense is as follows:

		January 31, 2020		January 31, 2019
Loss for the year before income taxes	$	(1,881,448)	$	(1,346,349)
Statutory tax rate		27.00%		27.00%
Expected income tax recovery		(507,991)		(363,514)
Non-deductible items		43,580		89,843
Impact of flow-through shares		527,796		443,571
Effect of rate change		-		(64,516)
True up		(38,472)		371,727
Impact of share issuance costs not recognized		(231,913)		(113,345)
Change in valuation allowance		12,000		(161,766)
Deferred income tax expense (recovery)	$	(195,000)	$	202,000

The Company has the following tax effected deductible temporary differences for which a deferred tax liability has been recognized:

(Expressed in Canadian dollars)

17. INCOME TAXES (cont'd)

	January 31, 2020	January 31, 2019
Exploration and evaluation assets	$ (3,138,000)	$ (2,602,000)
Loss carry-forwards	2,821,000	2,239,000
Equipment	58,000	40,000
Share issuance costs	264,000	121,000
Valuation allowance	(12,000)	-
Deferred income tax liability	(7,000)	$ (202,000)

The tax pools relating to the significant deductible temporary differences expire as follows:

	Exploration and evaluation assets and equipment	Loss carry-forwards	Share issuance costs
2021	$ -	$ -	$ 293,000
2022	-	-	256,000
2023	-	-	256,000
2028	-	36,000	172,000
2029	-	102,000	-
2030	-	147,000	-
2031	-	427,000	-
2032	-	260,000	-
2033	-	219,000	-
2034	-	438,000	-
2035	-	892,000	-
2036	-	953,000	-
2037	-	1,292,000	-
2038	-	1,725,000	-
2039	-	1,955,000	-
2040	-	2,004,000	-
No expiry	19,719,000	-	-
	$ 19,719,000	$ 10,450,000	$ 977,000

18. SUBSEQUENT EVENTS

(a) On February 10, 2020, the Company announced that it acquired 100% interest in two large claims, Aurora 1 and 2 in Yellowknife which are contiguous to the existing properties. The acquisition terms are:

- $10,000 cash paid upon TSX Venture Exchange acceptance for filing of the agreement (subsequently paid);
- 100,000 common shares issued upon TSX-V acceptance for filing of the agreement (subsequently issued);
- A 2% net smelter return (“NSR”) with a buyback of 1% for $1 million and an additional 0.5%% buyback for a further $1 million.

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

(c) On April 14, 2020, the Company granted 400,000 stock options to an officer of the Company that can be exercised at $0.30 per share until April 14, 2025. These options vest 25% every six months after six months following the date of grant.

(d) On May 17, 2020, 1,250,000 stock options expired unexercised.