



(formerly Eurocontrol Technics Group Inc.)

**Condensed Interim Consolidated Financial Statements  
(Unaudited)**

**As at and for the three months ended March 31, 2020 and 2019**

**(in Canadian dollars)**

**NOTICE OF NO AUDITOR REVIEW OF PRIOR PERIOD INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The prior period information and amounts in the accompanying unaudited interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of the prior period information and amounts in these financial statements.

**Talisker Resources Ltd.**

(formerly Eurocontrol Technics Group Inc.)

**Condensed Interim Consolidated Statements of Financial Position (Unaudited)****(Expressed in Canadian dollars)**

<b>As at,</b>	Notes	<b>March 31, 2020</b>	December 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 18,654,588	\$ 9,702,490
Marketable securities	5	277,555	-
Amounts receivable	6	289,731	305,077
Prepaid expenses		412,132	141,789
<b>Total current assets</b>		<b>19,634,006</b>	10,149,356
Reclamation deposits	11	1,025,437	75,437
Property, plant and equipment	7	2,712,864	2,796,475
Exploration and evaluation assets	8, 11	25,188,799	24,799,799
<b>TOTAL ASSETS</b>		<b>\$ 48,561,106</b>	\$ 37,821,067
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9, 16	\$ 947,812	\$ 1,323,399
Current portion of lease obligation	10	89,307	95,293
Current portion of equipment loans payable	10	95,975	127,279
<b>Total current liabilities</b>		<b>1,133,094</b>	1,545,971
Provision for site reclamation and closure	11	15,442,374	15,351,956
Lease payable	10	98,155	120,920
Flow through premium liability	12	2,667,000	494,000
<b>Total liabilities</b>		<b>19,340,623</b>	17,512,847
<b>Shareholders' equity</b>			
Issued capital	12	45,767,328	33,071,000
Share-based payment reserve	14	2,029,044	1,662,044
Warrant reserve	13	746,500	1,640,000
Accumulated deficit		(19,322,389)	(16,064,824)
<b>Total shareholders' equity</b>		<b>29,220,483</b>	20,308,220
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 48,561,106</b>	\$ 37,821,067

Nature of operations and going concern (note 1)

Events after the reporting period (note 18)

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

## Talisker Resources Ltd.

(formerly Eurocontrol Technics Group Inc.)

### Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)

(Expressed in Canadian dollars)

For the three month periods ended March 31,	Notes	2020	2019
<b>Expenses</b>			
Exploration and evaluation expenditures		\$ 1,405,868	\$ -
Mine care and maintenance costs		239,301	-
Consulting and management	16	740,805	120,000
Administration		357,137	65,811
Share-based expense	14	367,000	-
Public company costs		232,988	18,544
Travel and other		140,479	119
Depreciation of property, plant and equipment	7	83,611	-
<b>Total expenses</b>		<b>3,567,189</b>	<b>204,474</b>
<b>Other income and expense</b>			
Finance income	5	(5,849)	(14,783)
Foreign currency translation (gain) loss		(330)	8,548
Realized gain on marketable securities	5	(25,516)	-
Unrealized loss on marketable securities	5	125,653	-
Accretion on site reclamation and closure	11	90,418	-
		<b>184,376</b>	<b>(6,235)</b>
Loss before income taxes		3,751,565	198,239
Income tax recovery	12	(494,000)	-
<b>Net loss and comprehensive loss</b>		<b>\$ 3,257,565</b>	<b>\$ 198,239</b>
<b>Loss per share - basic and diluted</b>			
		\$ 0.02	\$ 0.01
<b>Weighted average common shares outstanding</b>		<b>150,249,070</b>	<b>23,362,560</b>

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

## Talisker Resources Ltd.

(formerly Eurocontrol Technics Group Inc.)

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

(Expressed in Canadian dollars)

	Number of Shares	Issued Capital (Note 12)	Share-based Payment Reserve (Note 14)	Warrant Reserve (Note 13)	Retained earnings (deficit)	Total
Balance as at December 31, 2018	23,112,554	\$ 15,001,591	\$ 298,895	\$ -	\$ (11,134,651)	\$ 4,165,835
Expiry of stock options	-	-	(84,851)	-	84,851	-
Net loss for the period	-	-	-	-	(198,239)	(198,239)
Balance as at March 31, 2019	23,112,554	\$ 15,001,591	\$ 214,044	\$ -	\$ (11,248,039)	\$ 3,967,596
Issue of shares pursuant to private placement, net of issue costs	60,129,742	9,340,209	-	737,000	-	10,077,209
Flow through premium liability	-	(494,000)	-	-	-	(494,000)
Issue of shares for acquisition of mineral properties	30,220,000	6,031,900	-	-	-	6,031,900
Shares and warrants issued on corporate acquisition	12,580,000	2,956,300	-	903,000	-	3,859,300
Shares issued as fees on corporate acquisition	1,000,000	235,000	-	-	-	235,000
Share-based expense - options	-	-	1,434,000	-	-	1,434,000
Share-based expense - RSU's	-	-	14,000	-	-	14,000
Exchange gain on translation of foreign subsidiaries	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(4,816,785)	(4,816,785)
Balance as at December 31, 2019	127,042,296	\$ 33,071,000	\$ 1,662,044	\$ 1,640,000	\$ (16,064,824)	\$ 20,308,220
Issue of shares pursuant to private placement, net of issue costs	31,494,920	12,209,874	-	85,000	-	12,294,874
Flow through premium liability	-	(2,667,000)	-	-	-	(2,667,000)
Issue of shares for acquisition of mineral properties (Note 8)	900,000	279,000	-	-	-	279,000
Exercise of warrants	7,486,100	2,874,454	-	(978,500)	-	1,895,954
Share-based expense - options	-	-	367,000	-	-	367,000
Net loss for the period	-	-	-	-	(3,257,565)	(3,257,565)
Balance as at March 31, 2020	166,923,316	\$ 45,767,328	\$ 2,029,044	\$ 746,500	\$ (19,322,389)	\$ 29,220,483

On April 17, 2019, the Company filed Articles of Amendment to consolidate its shares on a 1 for 4 basis.

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

# Talisker Resources Ltd.

(formerly Eurocontrol Technics Group Inc.)

## Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

(Expressed in Canadian dollars)

For the three month periods ended March 31,	Notes	2020	2019
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net loss for the period		\$ (3,257,565)	\$ (198,239)
Items not involving cash:			
Income tax recovery	12	(494,000)	-
Share based payments	14	367,000	-
Accretion on site reclamation and closure	11	90,418	-
Depreciation of property, plant and equipment	7	83,611	-
Realized gain on marketable securities	5	(25,516)	-
Unrealized loss on marketable securities	5	125,653	-
Working capital changes			
Change in amounts receivable		15,346	1,126
Funds from long term receivable		-	1,300,000
Change in prepaid expenses		(270,343)	(46,942)
Change in accounts payable and accrued liabilities		(375,587)	(428,840)
<b>Cash flows from (used in) operating activities</b>		<b>(3,740,983)</b>	<b>627,105</b>
<b>Investing activities</b>			
Acquisition of exploration and evaluation assets		(110,000)	-
Reclamation deposits		(950,000)	-
Repayment of lease and equipment loans		(60,055)	-
(Purchase) Sales of marketable securities, net		(377,692)	1,254,217
<b>Cash flows from (used in) investing activities</b>		<b>(1,497,747)</b>	<b>1,254,217</b>
<b>Financing activities</b>			
Issue of shares pursuant to private placement		13,059,988	-
Share issue costs		(765,114)	-
Issue of shares pursuant to exercise of warrants		1,895,954	-
<b>Cash flows from financing activities</b>		<b>14,190,828</b>	<b>-</b>
<b>Net increase in cash and cash equivalents for the period</b>		<b>8,952,098</b>	<b>1,881,322</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>9,702,490</b>	<b>946,611</b>
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 18,654,588</b>	<b>\$ 2,827,933</b>
<b>Supplementary cash flow information</b>			
Interest received		\$ 5,849	\$ 14,783

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

**Talisker Resources Ltd.**

(formerly Eurocontrol Technics Group Inc.)

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)  
For the three month periods ended March 31, 2020 and 2019**

(Expressed in Canadian dollars)

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Talisker Resources Ltd. (formerly Eurocontrol Technics Group Inc.) (“Talisker” or the “Company”) is a publicly listed company incorporated in British Columbia and continued in the Province of Ontario. The Company is engaged in exploration and evaluation of mineral properties in British Columbia. The Company’s shares are listed on the Canadian Securities Exchange (the “CSE”) under the symbol “TSK” and the OTCQB Venture Market under the symbol “TSKFF”. The head office and registered address of the Company is located at 350 Bay Street, Suite 400, Toronto, Ontario, M7A 0A7.

**Going Concern**

The condensed interim consolidated financial statements have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company had a net loss during the three month period ended March 31, 2020 of \$3,257,565 and an accumulated deficit of \$19,322,389.

The Company’s ability to continue as a going concern is dependent upon attaining profitable operations, and, if required, the ability to raise public equity financing to meet expenditure commitments. There is no assurance that these activities will be successful. The combination of these circumstances set out above represents a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern. However, the Company is managing the business and operations so that it will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used that would be necessary if the going concern assumptions were not appropriate. These adjustments would be material to the condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 21, 2020.

**2. BASIS OF PRESENTATION****Statement of Compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

**Talisker Resources Ltd.**

(formerly Eurocontrol Technics Group Inc.)

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three month periods ended March 31, 2020 and 2019****(Expressed in Canadian dollars)****2. BASIS OF PRESENTATION (continued)****Basis of Measurement and Significant Accounting Policies**

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2019 annual financial statements, other than as noted below.

**IFRS 3, Business Combinations ("IFRS 3")**

In October 2018, the IASB issued amendments to the guidance in IFRS 3, that revises the definition of a business. The revised guidance introduces an optional concentration test that, if met, eliminates the need for further assessment. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. These amendments are effective and shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting periods beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

**Principles of Consolidation**

These condensed interim consolidated financial statements for the three month periods ended March 31, 2020 and 2019 include the financial position, financial performance and cash flows of the Company and its subsidiary detailed below:

<b>Subsidiary</b>	<b>Country of Incorporation</b>	<b>Economic Interest</b>	<b>Basis of Accounting</b>
Bralorne Gold Mines Ltd.	Canada	100%	Full consolidation

**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2019 other than as stated below.

**Talisker Resources Ltd.**

(formerly Eurocontrol Technics Group Inc.)

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three month periods ended March 31, 2020 and 2019****(Expressed in Canadian dollars)****3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

The outbreak of the novel coronavirus ("COVID-19"), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Company has temporarily suspended its operations in British Columbia due to COVID-19 on April 1, 2020. The duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. It is management's assumption that the Company will continue to operate as a going concern. The Company is aware of lobbying to extend the period of time for flow-through spending during this crisis. Based on current legislation, as of March 31, 2020, the Company is required to spend approximately \$9,671,000 out of which \$1,671,000 is to be spent by December 31, 2020 and \$8,000,000 is to be spent by December 31, 2021 in connection with its flow-through offerings (December 31, 2019 - \$3,158,000). Out of \$9,671,000, \$347,000 relates to Bralorne's pre-acquisition flow-through expenditure obligation. Management is expecting to resume certain operations in May 2020.

**4. CASH AND CASH EQUIVALENTS**

The balance at March 31, 2020 consists of cash on deposit with major Canadian banks in interest bearing accounts totaling \$16,948,890 (December 31, 2019 - \$9,602,490) and guaranteed investment certificates with major Canadian banks of \$1,705,698 (December 31, 2019 - \$100,000) for total cash and cash equivalents of \$18,654,588 (December 31, 2019 - \$9,702,490).

**5. MARKETABLE SECURITIES**

As at March 31, 2020, the balance consists of common shares in various companies with a fair market value of \$277,555 (December 31, 2019 - \$nil).

During the three month period ended March 31, 2020, the Company recognized interest income related to the various investments of \$5,849 (2019 - \$14,783).

During the three month period ended March 31, 2020, the Company recognized an unrealized loss of \$125,653 (2019 - \$nil) as the market value of various common shares decreased.

During the three month period ended March 31, 2020, the Company recognized a realized gain of \$25,516 (2019 - \$nil) on sale of various common shares.

**6. AMOUNTS RECEIVABLE**

<b>As at,</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
HST receivable	\$ 289,731	\$ 293,746
Other receivables	-	11,331
	<b>\$ 289,731</b>	<b>\$ 305,077</b>

At March 31, 2020, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 17. The Company holds no collateral for any receivable amounts outstanding as at March 31, 2020 and December 31, 2019.



**Talisker Resources Ltd.**

(formerly Eurocontrol Technics Group Inc.)

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three month periods ended March 31, 2020 and 2019****(Expressed in Canadian dollars)****7. PROPERTY, PLANT AND EQUIPMENT**

	Machinery and Equipment \$	Buildings \$	Water Treatment Facility \$	Vehicles \$	Total \$
Balance at December 31, 2018	-	-	-	-	-
Additions	1,387,410	113,000	1,272,500	37,500	2,810,410
Balance at December 31, 2019	1,387,410	113,000	1,272,500	37,500	2,810,410
Additions	-	-	-	-	-
Balance at March 31, 2020	1,387,410	113,000	1,272,500	37,500	2,810,410

**ACCUMULATED DEPRECIATION**

Balance at December 31, 2018	-	-	-	-	-
Additions	9,617	471	3,535	312	13,935
Balance at December 31, 2019	9,617	471	3,535	312	13,935
Additions	57,703	2,825	21,208	1,875	83,611
Balance at March 31, 2020	67,320	3,296	24,743	2,187	97,546

**NET BOOK VALUE**

At December 31, 2019	1,377,793	112,529	1,268,965	37,188	2,796,475
<b>At March 31, 2020</b>	<b>1,320,090</b>	<b>109,704</b>	<b>1,247,757</b>	<b>35,313</b>	<b>2,712,864</b>

As at March 31, 2020, \$552,153 (December 31, 2019: \$571,736) of machinery and equipment is under lease and loans (see Note 10).

## 8. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation assets for the Company are summarized as follows:

<b>Project</b>	<b>January 1, 2020</b>	<b>Additions</b>	<b>March 31, 2020</b>
Spences Bridge	\$ 5,701,823	\$ -	\$ 5,701,823
Bralorne Gold Project	17,120,504	-	17,120,504
Baker-Shasta Project	1,127,406	-	1,127,406
Mets Lease	5,917	-	5,917
Bot Property	256,948	-	256,948
Tulox Property	405,963	-	405,963
WCGG Properties	109,338	-	109,338
Merritt Property	41,900	-	41,900
Blustry Mountain Property	30,000	-	30,000
Golden Hornet Property	-	26,000	26,000
Royalle Property	-	243,000	243,000
Big Sheep Property	-	120,000	120,000
	<b>\$ 24,799,799</b>	<b>\$ 389,000</b>	<b>\$ 25,188,799</b>

During the three month period ended March 31, 2020, the Company issued 900,000 shares with a value of \$279,000 and made cash payments of \$110,000 for property acquisitions.

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<b>As at,</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Accounts payable	\$ 890,312	\$ 932,153
Accrued liabilities	57,500	391,246
	<b>\$ 947,812</b>	<b>\$ 1,323,399</b>

## 10. LEASES AND EQUIPMENT LOANS PAYABLE

### Equipment Loan Payable

The Company has entered into loans for mining equipment maturing in 2020 with a fixed interest rate of 4.35% per annum. The Company's obligations under the loans are secured by certain plant and mining equipment.

The contractual maturities and interest charges in respect of the Company's obligations under the equipment loans are as follows:

	<b>March 31, 2020</b>	December 31, 2019
Not later than one year	\$ 97,723	\$ 130,298
Later than one year and not later than five years	-	-
Less: Future interest charges	<b>(1,748)</b>	<b>(3,019)</b>
Present value of loan payments	<b>95,975</b>	127,279
Less: current portion	<b>95,975</b>	127,279
Non-current portion	\$ -	\$ -

### Leases Payable

The Company has entered into equipment leases expiring between 2020 and 2021, with interest rates ranging from 4.95% to 5.90% per annum. The Company has the option to purchase the equipment at the end of the lease term for a nominal amount. The Company's obligations under finance leases are secured by the lessor's title to the leased assets.

The contractual maturities and interest charges in respect of the Company's finance lease obligations are as follows:

	<b>March 31, 2020</b>	December 31, 2019
Not later than one year	\$ 100,675	\$ 109,066
Later than one year and not later than five years	<b>104,790</b>	129,958
Less: Future interest charges	<b>(18,003)</b>	<b>(22,811)</b>
Present value of lease payments	<b>187,462</b>	216,213
Less: current portion	<b>(89,307)</b>	<b>(95,293)</b>
Non-current portion	\$ 98,155	\$ 120,920

## 11. PROVISION FOR SITE RECLAMATION AND CLOSURE

Provincial laws and regulations concerning environmental protection affect the Company's exploration and operations. Under current regulations, the Company is required to meet performance standards to minimize the environmental impact from its activities and to perform site restoration and other closure activities. The Company's provision for future site closure and reclamation costs is based on known requirements.

The Company's determination of the environmental rehabilitation provision arising from its activities at the Baker, Bot, and Tulox projects (Sable Resources) at March 31, 2020 was \$1,157,832 (December 31, 2019: \$1,157,832). The Company has estimated that the reclamation costs are current costs and as such considers the present value of the provision at March 31, 2020 to be equal to the total future undiscounted cash flows to settle the provision for reclamation, being \$1,157,832 (December 31, 2019: \$1,157,832).

As part of the Company's agreement with Sable, Sable is required to cover any environmental liability in excess of the agreed upon amount of \$316,266. As at March 31, 2020, the excess over this amount is equal to \$841,566. This is a contingent asset all will be recorded in future once the reclamation activities have occurred and Sable have settled their obligation.

The present value of the obligation for Bralorne of \$14,284,436 (December 31, 2019 – \$14,194,124) is based on an undiscounted obligation of \$55,244,507, out of which \$8,385,881 is expected to be incurred in 2027 with the remaining \$46,858,626 to be incurred on water treatment and quality monitoring throughout 2126. The provision was calculated using a weighted average risk-free interest rate of 1.71% (December 31, 2019 – 1.71%) and a weighted average inflation rate of 2% (December 31, 2019 – 2%). Reclamation activities are estimated to begin in 2027 and are expected to be incurred over a period of 100 years.

The breakdown of the provision for site reclamation and closure is as per below:

	March 31, 2020			December 31, 2019		
	Talisker	Bralorne	Total	Talisker	Bralorne	Total
Balance, beginning of period/year	1,157,832	14,194,124	15,351,956	-	-	-
Acquisition of properties	-	-	-	1,157,832	14,177,926	15,335,758
Accretion	-	90,418	90,418	-	16,198	16,198
Balance, end of period/year	1,157,832	14,284,542	15,442,374	1,157,832	14,194,124	15,351,956

### Reclamation Deposits

The Company is required to make reclamation deposits in respect of its expected site reclamation and closure obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company.

The Company has deposited funds totaling \$50,437 (December 31, 2019 - \$50,437) with the Province of British Columbia (the "Province") in relation to disturbance associated with exploration activities at the Baker Gold Project and the Bot and Tulox properties. This deposit is held until the Province is satisfied that the Company has completed certain remediation activities on these properties.

Under the Ministry of Energy, Mines and Petroleum Resources ("MEM"), the Company is required to hold reclamation bonds that cover the estimated future cost to reclaim the ground disturbed. Bralorne is required to pay \$250,000 every six months until a cumulative security equal to \$12,300,000. Prior to acquisition, Bralorne had total reclamation security of \$1,625,000 which was replaced on February 14, 2020 with a reclamation surety bond amounting to \$1,650,000. At March 31, 2020, the Company had \$975,000 (December 31, 2019 - \$25,000) to cover estimated future costs related to the ground disturbance at the Company's Bralorne project.

## 12. ISSUED CAPITAL

### Authorized Unlimited common shares without par value

	<b>March 31, 2020</b>	December 31, 2019
Issued capital	<b>\$ 45,767,328</b>	\$ 33,071,000
Fully paid common shares <sup>(1)</sup>	<b>166,923,316</b>	127,042,296

(1) As at March 31, 2020 and December 31, 2019, there are 250,000 shares awaiting issuance, the proceeds for which were received in 2008 and are included in share capital.

### Common Shares Issued

	Number of Shares	Value of shares
Balance as at December 31, 2018	23,112,554	\$ 15,001,591
Issue of shares pursuant to private placement, net of issue costs	60,129,742	10,077,209
Issue of shares for acquisition of mineral properties	30,220,000	6,031,900
Shares and warrants issued on corporate acquisition	12,580,000	2,956,300
Shares issued as fees for corporate acquisition	1,000,000	235,000
Warrants issued	-	(696,000)
Broker warrants issued	-	(41,000)
Flow through premium liability	-	(494,000)
Balance as at December 31, 2019	127,042,296	\$ 33,071,000
Issue of shares pursuant to private placement, net of issue costs	31,494,920	12,209,874
Issue of shares for acquisition of mineral properties (Note 8)	900,000	279,000
Exercise of warrants	7,486,100	1,895,954
Transfer of reserve on exercise of warrants	-	978,500
Flow through premium liability	-	(2,667,000)
Balance as at March 31, 2020	166,923,316	\$ 45,767,328

On April 17, 2019, the Company filed Articles of Amendment to consolidate its shares on a 1 for 4 basis.

## 12. ISSUED CAPITAL (continued)

### Financings

On February 4, 2020, the Company closed a bought deal private placement for total gross proceeds of \$13,059,988. In connection with the offering, the Company issued an aggregate of 15,333,320 common shares at a price of \$0.33 per common Share for gross proceeds of \$5,059,996, and 16,161,600 charity flow-through (FT) common shares of the Company at a price of \$0.495 per Charity FT Share for gross proceeds of \$7,999,992, in which the charity FT shares will qualify as flow-through shares within the meaning of the Income Tax Act (Canada).

In consideration for their services, the Company has paid the Agents a cash commission and incurred other closing costs totalling \$765,114, and issued an aggregate of 620,817 warrants. Each warrant entitles the holder to acquire a common share of the Company at a price of \$0.33 for a period of 24 months. The warrants were ascribed a fair value of \$85,000 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.47%; volatility 75% and an expected life of 24 months.

### Flow Through Premium Liability

For the purposes of calculating the tax effect of any premium related to the issuances of the flow-through shares, the Company reviewed the share price of the Company's common shares and compared it to determine if there was a premium paid on the shares.

For the three month period ended March 31, 2020, the Company recognized a \$2,667,000 as a flow-through premium liability on issuance in connection with the private placements described above. The amount will be reduced upon filing of renunciation documents with the Canada Revenue Agency.

For the three month period ended March 31, 2020, the Company recognized an amount of \$494,000, in relation to flow-through private placements closed in the prior year and has recorded the gain as income tax recovery upon filing of renunciation documents with the Canada Revenue Agency which occurred during the three month period ended March 31, 2020.

### Diluted Weighted Average Number of Shares Outstanding

	Three months ended March 31,	
	2020	2019
Basic weighted average shares outstanding:	<b>150,249,064</b>	23,362,560
Effect of outstanding securities	-	-
Diluted weighted average shares outstanding	<b>150,249,070</b>	23,362,560

During the three month periods ended March 31, 2020 and 2019, the Company had a net loss, as such, the diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

### 13. WARRANTS RESERVE

The following is a summary of changes in warrants from January 1, 2019 to March 31, 2020:

	Number of Warrants	Weighted average exercise price per warrant	Amount
Balance, January 1, 2019	-	\$ -	\$ -
Issue of warrants (Note 12)	11,730,000	0.30	696,000
Issue of broker warrants (Note 12)	518,566	0.14	41,000
Issue of warrants on corporate acquisition	6,290,000	0.25	903,000
Balance, December 31, 2019	18,538,566	\$ 0.28	\$ 1,640,000
Exercise of warrants	(7,486,100)	0.25	(978,500)
Issue of broker warrants (Note 12)	620,817	0.33	85,000
Balance, March 31, 2020	11,673,283	\$ 0.30	\$ 746,500

As at March 31, 2020, the Company had outstanding warrants as follows:

Expiry Date	Exercise Price	Outstanding and exercisable
April 18, 2021	\$0.30	10,755,000
August 29, 2021	\$0.14	297,466
February 4, 2022	\$0.33	620,817
<b>Balance, March 31, 2020</b>		<b>11,673,283</b>

During the three month period ended March 31, 2020, 6,290,000 warrants with expiry date of December 13, 2022 were fully exercised for proceeds of \$1,572,500; 221,100 of the August 29, 2021 warrants were exercised for proceeds of \$30,954; and 975,000 of the April 18, 2021 warrants were exercised for proceeds of \$292,500.

### 14. SHARE-BASED PAYMENT RESERVE

#### Stock Option Plan

The Board of Directors of the Company adopted a stock option plan (the "Plan") whereby the aggregate number of common shares reserved for issuance under the Plan, including common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 10% of the Company's issued and outstanding common shares. The Plan is administered by the Board of Directors and grants made pursuant to the Plan must at all times comply with regulatory policies.

The terms of any options granted under the Plan are fixed by the Board of Directors and may not exceed a term of five years. The exercise price of the options granted under the Plan is set at the last closing price of the Company's common shares before the date of grant or in accordance with regulatory requirements.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

#### 14. SHARE-BASED PAYMENT RESERVE (continued)

The following options were outstanding as at March 31, 2020:

Number of options outstanding	Number of exercisable options	Grant date	Expiry date	Exercise price	Fair value at grant date
93,750	93,750	June 30, 2015	June 30, 2020	\$ 0.52	31,000
362,500	362,500	February 19, 2016	February 19, 2021	\$ 0.60	164,044
175,000	175,000	August 22, 2018	August 22, 2023	\$ 0.24	19,000
3,400,000	3,400,000	June 18, 2019	June 18, 2024	\$ 0.20	332,000
5,000,000	5,000,000	December 27, 2019	December 27, 2024	\$ 0.295	1,102,000
1,300,000	1,300,000	February 14, 2020	February 14, 2025	\$ 0.390	367,000
10,331,250	10,331,250				\$ 2,015,044

The share options outstanding as at March 31, 2020 had a weighted exercise price of \$0.29 (December 31, 2019: \$0.27) and a weighted average remaining contractual life of 4.64 years (December 31, 2019: 4.57 years).

All options vested on their date of issue and expire within five years of their issue, or 90 days after the resignation of the director, officer, employee or consultant.

#### *Fair value of share options granted in the three month period ended March 31, 2020*

On February 14, 2020, 1,300,000 share options were granted to directors, officers and consultants of the Company to acquire the Company's shares at an exercise price of \$0.39 until February 14, 2025. These share options had an estimated fair value of \$367,000 at grant date.

The fair value of share options granted in the three month period ended March 31, 2020 was calculated using the following assumptions:

	Number of Options Granted 14-Feb-20	
	1,300,000	
Grant date share price	\$	0.380
Exercise price	\$	0.39
Expected volatility		100%
Expected option life		5 years
Expected dividend yield		0%
Risk-free interest rate		1.37%

The share options were priced using the Black-Scholes option-pricing model as at the date of the grant assuming a five year term to maturity with an expected volatility based on comparable companies, an expected dividend yield, and a risk free interest rate, as noted in the table above. Where relevant, the expected life used in the model has been adjusted based on management's estimation.



#### 14. SHARE-BASED PAYMENT RESERVE (continued)

##### Movements in Share Options During the Period

The following reconciles the share options outstanding for the three month period ended March 31, 2020 and year ended December 31, 2019:

Balance as at December 31, 2018	818,750	\$	0.52
Granted	8,400,000	\$	0.26
Forfeited	(187,500)	\$	0.60
Balance as at December 31, 2019	9,031,250	\$	0.27
Granted	1,300,000	\$	0.39
Balance as at March 31, 2020	10,331,250	\$	0.29

##### Restricted Share Units

The Restricted Share Unit Plan (RSU Plan) provides for the grant of restricted share units (each, an “RSU”) convertible into a maximum number of common shares equal to ten percent (10%) of the number of common shares then issued and outstanding, provided, however, the number of common shares reserved for issuance from treasury under the RSU Plan and pursuant to all other security-based compensation arrangements of the Company shall, in the aggregate, not exceed ten percent (10%) of the number of common shares then issued and outstanding. Any common shares subject to a RSU which has been cancelled or terminated in accordance with the terms of the RSU Plan without settlement will again be available under the RSU Plan. When vested, each RSU entitles the holder to receive, subject to adjustments as provided for in the RSU Plan, one common Share or payment in cash for the equivalent thereof based on the volume weighted average trading price of the common shares on the five trading days immediately preceding the redemption date. The terms and conditions of vesting (if applicable) of each grant are determined by the Board at the time of the grant, subject to the terms of the RSU Plan. RSU awards may, but need not, be subject to performance incentives to reward attainment of annual or long-term performance goals. Any such performance incentives or long term performance goals are subject to determination by the Board and specified in the award agreement.

The Company uses the fair value method to recognize the obligation and compensation expense associated with the RSUs. The fair value of RSUs issued is determined on the grant date based on the market price of the common shares on the grant date multiplied by the number of RSUs granted. The fair value is expensed over the vesting term. Upon redemption of the RSU the carrying amount is recorded as an increase in common share capital and a reduction in the liability.

The following table summarizes changes in the number of RSUs outstanding:

	Number of RSU's	Weighted average fair value
Balance, December 31, 2018	-	\$ -
Granted	100,000	\$ 0.14
Balance, December 31, 2019 and March 31, 2020	100,000	\$ 0.14

#### 14. SHARE-BASED PAYMENT RESERVE (continued)

The following table summarizes information about share-based payment reserve:

Balance as at December 31, 2018	\$	298,895
Share-based expense - options		1,434,000
Share-based expense - RSU's		14,000
Expiry of stock options		(84,851)
Balance as at December 31, 2019	\$	1,662,044
Share-based expense - options		367,000
Balance as at March 31, 2020	\$	2,029,044

#### 15. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as at March 31, 2020 and December 31, 2019 were as follows:

	Assets at fair value through profit of loss	Amortized cost	Other financial liabilities	Total
<b>As at March 31, 2020</b>				
Cash and cash equivalents	\$ -	\$ 18,654,588	\$ -	\$ 18,654,588
Marketable securities	277,555	-	-	277,555
Reclamation deposits	-	1,025,437	-	1,025,437
Accounts payable and accrued liabilities	-	-	947,812	947,812
Leases payable	-	-	187,462	187,462
Equipment loans payable	-	-	95,975	95,975
<b>As at December 31, 2019</b>				
Cash and cash equivalents	\$ -	\$ 9,702,490	\$ -	\$ 9,702,490
Marketable securities	-	-	-	-
Reclamation deposits	-	75,437	-	75,437
Accounts payable and accrued liabilities	-	-	1,323,399	1,323,399
Leases payable	-	-	216,213	216,213
Equipment loans payable	-	-	127,279	127,279

The Company classifies its financial instruments carried at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

As at March 31, 2020 and December 31, 2019, cash and cash equivalents were recorded at fair value under level 1 within the fair value hierarchy.

The carrying value of cash and cash equivalents, reclamation deposits, accounts payable and accrued liabilities and leases and loan payables approximate fair value because of the limited terms of these instruments.

## 16. RELATED PARTY DISCLOSURES

The following is a summary of the Company's related party transactions during the three month periods ended March 31, 2020 and 2019:

The Company incurred administrative and operations costs in the amount of \$28,957 (2019 - \$nil) paid to Sable Resources Ltd., a company with certain common directors and officers.

### Compensation of Key Management Personnel of the Company

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

The remuneration of directors and key executives is determined by the compensation committee.

The remuneration of directors and other members of key management personnel during the three month periods ended March 31, 2020 and 2019 were as follows:

	March 31, 2020	March 31, 2019
Short term employee benefits, director fees	\$ 195,636	\$ 108,000
Share based payments	169,000	-
	<u>\$ 364,636</u>	<u>\$ 108,000</u>

As at March 31, 2020, an amount of \$100,293 (December 31, 2019 - \$91,852) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

## 17. COMMITMENTS AND CONTINGENCIES

### Flow-Through Shares

As at March 31, 2020, the Company is committed to spending approximately \$9,671,000 out of which \$1,671,000 to be spent by December 31, 2020 and \$8,000,000 to be spent by December 31, 2021 in connection with its flow-through offerings (December 31, 2019 - \$3,158,000). Out of \$9,671,000, \$347,000 relates to Bralorne's pre acquisition flow-through expenditure obligation.

Due to the size, complexity and nature of the Company's operations, various legal, tax, environmental and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

## 18. EVENTS AFTER THE REPORTING PERIOD

On April 1, 2020, the Company announced that drilling operations at the Bralorne Gold Project were temporarily suspended for good practices in relation to the COVID-19 pandemic. Prior to suspension of operations, the Company had completed a third of the drill program.

On April 9 and April 15, 2020, pursuant to agreements entered into on March 5 and March 11, 2020, the Company issued 1,000,000 common shares to Discovery Metals Corp. and 100,000 common shares to NaiKun Wind Energy Group Inc. as consideration for the acquisitions of a 100% interest in the Congress Property and the NaiKun Wind Crown Grant claims located contiguous to the Company's Bralorne Gold Project in southwestern British Columbia.