KORE MINING LTD.

Consolidated Financial Statements

December 31, 2019

Independent auditor's report

To the Shareholders of KORE Mining Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of KORE Mining Ltd. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

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

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which describes events or 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 Management's Discussion and Analysis.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 28, 2020

KORE MINING LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars unless otherwise noted)

As at	Note		December 31, 2019		December 31, 2018
Current assets					
Cash and cash equivalents		$	**3,133,623**	$	30,620
Amounts receivable			**208,380**		59,568
Advances and prepaid expenses	6		**119,035**		461,555
Total current assets			**3,461,038**		551,743
Non-current assets					
Deposits			**38,823**		10,000
Mineral properties	7		**1,373,014**		1,612,792
Total assets		$	**4,872,875**	$	2,174,535
Current liabilities					
Accounts payable		$	**707,361**	$	1,477,512
Total liabilities			**707,361**		1,477,512
Shareholders' equity					
Share capital	9		**11,085,678**		6,306,463
Warrants			**573,516**		573,516
Reserves			**878,946**		341,739
Deficit			**(8,325,326)**		(6,535,002)
Accumulated other comprehensive income (loss)			**(47,300)**		10,307
Total shareholders' equity			**4,165,514**		697,023
Total shareholders' equity and liabilities		$	**4,872,875**	$	2,174,535

Going concern	2
Subsequent events	9

Approved by the Board of Directors:

"James Hynes" — Director

"Scott Trebilcock" — Director

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

(Expressed in Canadian dollars unless otherwise noted)

	Note		For the year ended December 31, 2019		For the year ended December 31, 2018
Expenses					
Exploration and evaluation expenses	7	$	1,199,883	$	875,023
General and administration			223,634		151,160
Management fees, wages and corporate advisory	10		648,720		552,042
Marketing, advisory and investor relations			718,866		238,089
Professional fees			579,564		102,527
Share-based payments	9		537,207		453,250
			(3,907,874)		(2,372,091)
Other income/expense					
Foreign exchange gain (loss)			(33,589)		9,826
Gain on royalty sale	7		2,140,749		-
Interest and finance income (expense)			10,390		(1,849)
Listing expense	5		-		(2,136,955)
Other expenses			-		(4,053)
			2,117,550		(2,133,031)
Net loss for the year		$	(1,790,324)	$	(4,505,122)
Item that may be subsequently reclassified to net income					
Cumulative translation adjustment			(57,607)		51,481
Comprehensive loss for the year		$	(1,847,931)	$	(4,453,641)
Basic and fully diluted loss per common share		$	(0.02)	$	(0.07)
Weighted average number of common shares outstanding			79,474,881		67,615,540

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

KORE MINING LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars unless otherwise noted)

		For the year ended December 31, 2019		For the year ended December 31, 2018
CASH USED IN OPERATING ACTIVITIES				
Loss for the year	**$**	**(1,790,324)**	$	(4,505,122)
Items not involving cash:				
Listing expense		**-**		2,136,955
Gain on royalty sale		**(2,140,749)**		-
Share-based payments		**537,207**		453,250
Changes in non-cash working capital items:				
Amounts receivable		**(148,812)**		5,496
Prepaid expenses and advances		**342,520**		(458,126)
Deposits		**(28,823)**		-
Accounts payable		**(770,151)**		465,780
		(3,999,132)		(1,901,767)
FINANCING ACTIVITIES				
Proceeds from private placement financings		**4,900,000**		1,950,000
Proceeds from the exercise of options		**-**		66,013
Proceeds from convertible debenture		**-**		250,000
Issuance costs		**(120,785)**		(254,370)
		4,779,215		2,011,643
INVESTING ACTIVITIES				
Proceeds from sale of royalty		**2,500,000**		-
Transaction costs incurred in connection with royalty sale		**(151,255)**		-
Acquisition of cash on completion of RTO		**-**		8,687
Transaction costs incurred in connection with RTO		**-**		(174,108)
		2,348,745		(165,421)
Impact of changes in foreign exchange		**(25,825)**		(2,529)
Change in cash		**3,103,003**		(58,074)
Cash at beginning of period		**30,620**		88,694
Cash at end of period	**$**	**3,133,623**	$	30,620

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

KORE MINING LTD.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars unless otherwise noted)

	Common Shares						
	Number	Amount $	Warrants $	Reserves $	Deficit $	Accumulated Other Comprehensive Income (Loss) $	Total Equity $
January 1, 2018	17,907,220	2,546,807	-	-	(2,029,880)	(41,174)	475,753
Units issued on private placements	3,900,000	1,365,000	585,000	-	-	-	1,950,000
Units issued on settlement of convertible debt	500,000	175,000	75,000	-	-	-	250,000
Shares issued as finance cost	180,000	63,000	-	-	-	-	63,000
Unit issuance costs	-	(201,797)	(86,484)	33,911	-	-	(254,370)
Exercise of options	800,000	503,101	-	(145,422)	-	-	357,679
Share-based payments	-	-	-	453,250	-	-	453,250
Shares issued to shareholders of Eureka	5,301,005	1,855,352	-	-	-	-	1,855,352
Shares issued pursuant to RTO	42,653,689	-	-	-	-	-	-
Net loss for the year	-	-	-	-	(4,505,122)	-	(4,505,122)
Other comprehensive income (loss)	-	-	-	-	-	51,481	51,481
December 31, 2018	71,241,914	6,306,463	573,516	341,739	(6,535,002)	10,307	697,023
Shares issued on private placements	17,600,000	4,900,000	-	-	-	-	4,900,000
Share issuance costs	-	(120,785)	-	-	-	-	(120,785)
Share-based payments	-	-	-	537,207	-	-	537,207
Net loss for the year	-	-	-	-	(1,790,324)	-	(1,790,324)
Other comprehensive income (loss)	-	-	-	-	-	(57,607)	(57,607)
December 31, 2019	88,841,914	11,085,678	573,516	878,946	(8,325,326)	(47,300)	4,165,514

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

1. NATURE OF OPERATIONS

KORE Mining Ltd. (the "Company") is an exploration and development stage company that trades on the Toronto Stock Exchange Venture ("TSXV") under the symbol 'KORE'. The Company was formed through the amalgamation of Eureka Resources Inc. ("Eureka") and 1184938 BC Ltd (formerly Kore Mining Ltd.) ("Kore") in October 2018 (Note 5). The Company is focused on the development of its California gold projects, Imperial and Long Valley, as well as projects in British Columbia, Canada. The Company's registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

The Company is in the process of exploring and evaluating its mineral resource properties and has not yet determined whether these properties contain economically recoverable mineral reserves. The recoverability of the amounts capitalized to exploration and evaluation assets is ultimately dependent upon the existence of economically recoverable ore reserves and resources, securing and maintaining title and/or beneficial interest in the properties, obtaining necessary financing to continue to explore, evaluate and develop the properties, and upon future profitable production or proceeds from disposition of the exploration and evaluation assets. The amounts shown as exploration and evaluation assets represent costs incurred in acquiring the assets, and do not necessarily represent current or future fair values.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

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, however the impact to date has been limited.

As at December 31, 2019, the Company had working capital of $2,753,677 (2018 – working capital deficit - $925,769) (current assets less current liabilities) and has incurred losses since inception with a deficit of $8,325,326. For the year ended December 31, 2019, the Company used cash flows in operations of $3,999,132 (2018 - $1,901,767). The Company's ability to continue to meet its obligations and carry out its planned exploration and development activities for at least the next twelve months is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, this material uncertainty gives rise to significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The summary of accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Principles of Consolidation
These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries as listed below. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when we have existing rights that give us the ability to direct the activities that significantly affect the investee's returns. The results and financial position of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements incorporate the accounts of the Company and the following subsidiaries:

Name of Subsidiary	Incorporation Jurisdiction	Percentage Ownership	Principal Activity
Imperial USA Corp.	Nevada, USA	100%	Mineral Property Exploration & Development
Imperial Gold Corporation**	Nevada, USA	100%	Holding Company
Kore USA Ltd.	Nevada, USA	100%	Mineral Property Exploration & Development
1184938 BC Ltd.	BC, Canada	100%	Holding Company
Eureka Minerals (USA) Inc.	Nevada, USA	100%	Mineral Property Exploration & Development

**Incorporated on March 25, 2019
All intercompany balances and transactions have been eliminated on consolidation.

The consolidated financial statements have been authorized for issue by the Board of Directors of the Company on April 27, 2020.

Basis of measurement
These consolidated financial statements have been prepared on a historical cost basis. The statements are presented in Canadian dollars unless otherwise noted.

Significant judgments, estimates and assumptions
The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Estimates and assumptions are regularly evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

3. BASIS OF PRESENTATION (cont'd…)

Critical Judgments
The preparation of these consolidated financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 2.

The Company is also required to make significant judgments on the ongoing feasibility of exploration and evaluation assets, and whether there are indicators that the right to explore the specific area has expired or will be allowed to expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation costs. If any of these indicators are present, management would need to assess whether the exploration and evaluation property is impaired.

Significant Estimates
The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in Canada and the US and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and the interpretation of the treatment for tax purposes for exploration and development activities. The Company is subject to assessment by Canadian and US tax authorities, which may interpret legislation differently which may affect the final amount or timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign Currency Translation
The presentation currency of the Company and the functional currency of the parent company and its Canadian subsidiaries is the Canadian dollar, while the functional currency of the Company's United States subsidiaries is the United States dollar. The monetary assets and liabilities of any group entity that are denominated in a currency other than its functional currency at the reporting date are translated into the presentation currency at the rate of exchange on the reporting date, while non-monetary assets and liabilities are translated at historical exchange rates. Income and expenses are translated at the exchange rates approximating those in effect on the dates of the transactions. Exchange gains and losses arising on translation are included in profit or loss in the statement of comprehensive loss.

When translating the results and financial position of its United States subsidiaries, assets and liabilities are translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the exchange rate at the dates of the transactions, or the average exchange rate if not significantly different. All resulting exchange differences are reported as a separate component of reserves in shareholders' equity entitled "Accumulated Other Comprehensive Income (Loss)".

Cash
Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within three months of purchase.

Mineral Properties
Acquisition Costs
Costs incurred before the Company has acquired the right to explore a property are expensed as incurred. Exploration and evaluation asset acquisition costs, including option payments, are capitalized on an individual area of interest basis. Once a property is brought into production, the capitalized costs are amortized on a units-of-production basis, or until the properties are abandoned, sold or management determines that the asset is no longer economically

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral Properties (cont'd…)
viable, at which time the unrecoverable deferred costs are expensed to operations. Option payments relating to the acquisition of exploration and evaluation assets that are exercisable at the discretion of the Company are recorded when paid.

Exploration and evaluation asset acquisition costs include cash consideration and the estimated fair market value, of common shares or warrants on the date of issue.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

Exploration and Evaluation Costs
Exploration and evaluation costs are expensed to operations as incurred.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular exploration and evaluation asset has been determined, the capitalized costs are assessed for impairment and then reclassified to mineral property development costs and carried at cost until the properties to which the expenditures relate are sold, abandoned or determined by management to be impaired in value. The establishment of technical feasibility and commercial viability of an exploration and evaluation asset is assessed based on a combination of factors, including:

- The extent to which mineral reserves or mineral resources as defined in National Instrument 43-101 have been identified through a feasibility study or similar document;
- The results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study;
- The status of environmental permits; and
- The status of mining leases or permits.

Decommissioning and Restoration
Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset.

A liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is amortized on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of provisions for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at December 31, 2019 and 2018 the Company has determined that it does not have any significant decommissioning and restoration obligations related to its operations.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of Non-Financial Assets

Management reviews the carrying values of capitalized exploration and evaluation assets at the end of each reporting period for indications of impairment. Exploration and evaluation assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is based on an estimate of the amount that the Company may obtain in a sale transaction on an arm's length basis between knowledgeable, willing parties, less costs of disposal.

Fair value less costs to sell is primarily derived using discounted cash flow techniques, which incorporates market participant assumptions and is based on post-tax cash flows that are discounted using a post-tax discount rate.

An impairment loss is recognized if the carrying value amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Liabilities are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a finance expense.

Income Taxes

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

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

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax liabilities on temporary differences associated with shares in subsidiaries are not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income Taxes (cont'd…)

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, and for the carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax

assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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

Share-based Payments

The Company uses a fair value based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain consultants. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged to profit or loss with the offsetting credit to share option reserve. The fair value of the share options is recognized over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. If options vest immediately, the expense is recognized when the options are granted. When share options are exercised, the amounts previously recognized in share option reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated expense recorded to date is reversed in the period of forfeiture. The carrying value of any share options that expire remain in share option reserve.

Share Capital

When the Company issues private placement units, the shares and warrants are measured using the residual method. This method allocates value first to the more easily measurable component based on fair value and the residual to the less easily measurable component. The Company considers the fair value of its shares to be the more easily measurable component and they are valued with reference to the market price. The residual value attributed to the warrants, if any, is recorded as a separate component of equity.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Earnings (Loss) Per Share

Basic earnings (loss) per share are computed by dividing net earnings (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive, therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

Financial Instruments - Recognition and Measurement

The Company classifies its financial assets and liabilities in the following measurement categories - i) those to be subsequently measured at amortized cost; or ii) those to be subsequently measured at fair value (either through other comprehensive income, or through profit or loss ("FVTPL")).

The classification is driven by the business model for managing the financial assets and their contractual cash flow characteristics. The Company classifies its financial assets and financial liabilities as those to be subsequently measured at amortized cost. At initial recognition financial assets and liabilities are measured at fair value less transaction costs except for financial assets classified as FVTPL, where transaction costs are expensed directly to profit or loss.

Recent Accounting Standards

Effective January 1, 2019, the following standard was adopted:

- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting. The Company has no leases and therefore there was no impact on adoption of this standard.

5. REVERSE TAKEOVER

In October 2018, the Eureka completed a reverse takeover whereby Eureka acquired all of the issued and outstanding shares of a 1184938 BC Ltd (formerly known as Kore Mining Ltd) ("Kore"), a private BC company, pursuant to an amalgamation between the Eureka, Kore and a wholly owned subsidiary of Eureka under the *Business Corporations Act (*British Columbia) whereby the shareholders of Kore obtained control of the amalgamated entity through their resulting ownership of approximately 86% of the common shares of the resulting entity (the "RTO"). For accounting purposes, this RTO is considered to be an asset acquisition and has been treated as a capital transaction under IFRS 2 where Kore has been treated as the accounting parent company (legal subsidiary) and Eureka has been treated as the accounting subsidiary (legal parent).

As a result of Eureka not meeting the definition of a business under IFRS 3, the difference between total consideration paid and net liabilities acquired of $2,136,956 has been recorded as listing expense. This reflects the excess of the purchase price over the fair value of the assets and liabilities acquired. Consideration included the shares held by the shareholders of Eureka, being 5,301,005 shares, cash transaction costs of $174,108, 180,000 shares issued as a finder's fee, 310,000 stock options and 496,945 warrants. The fair value of the stock options and warrants was nominal.

(Expressed in Canadian dollars unless otherwise noted)

5. REVERSE TAKEOVER (cont'd…)

Consideration - Shares: 5,301,005 shares at $0.35 per share	$	1,855,352
Consideration - Finders fee: 180,000 shares at $0.35 per share		63,000
Consideration - Cash transaction costs		174,108
Total Consideration:	**$**	**2,092,460**
Assets and liabilities assumed:		
Cash		8,687
Amounts receivable and prepaids		29,209
Reclamation deposit		10,000
Mineral properties		868,743
Accounts payable		(785,017)
Due to Kore		(176,117)
Net liabilities acquired		(44,495)
Listing Expense	$	2,136,955

In connection with the RTO, the Company completed a financing for gross proceeds of $2,200,000, consisting of the issuance of 3,900,000 units at a price of $0.50 per unit and the conversion of $250,000 of convertible debt into 500,000 units with the same terms as those issued in the financing.

6. ADVANCES AND PREPAID EXPENSES

Advances and prepaids consist of amounts advanced or prepaid in anticipation of work to be completed in the future. As at December 31, 2019, advances and prepaids includes, $44,444 related to marketing (2018 - $427,778), $23,595 related to insurance (2018 - $30,393), $35,821 for conferences (2018 - $nil) and $15,175 related to other items (2018 - $3,385).

7. MINERAL PROPERTIES

A summary of the changes to mineral properties for the years ended December 31, 2019 and 2018 is as follows:

	Long Valley USA	Imperial USA	FG Gold Canada	Gold Creek Canada	Total
Balance, December 31, 2017	$ 489,787	$ 200,251	$ -	$ -	$ 690,038
Additions - RTO (Note 5)	-	-	370,607	498,136	868,743
Foreign exchange adjustment	37,587	16,424	-	-	54,011
Balance, December 31, 2018	$ 527,374	$ 216,675	$ 370,607	$ 498,136	$ 1,612,792
Royalty sale	-	(207,966)	-	-	(207,966)
Foreign exchange adjustment	(23,103)	(8,709)	-	-	(31,812)
Balance, December 31, 2019	**$ 504,271**	**$ -**	**$ 370,607**	**$ 498,136**	**$ 1,373,014**

7. MINERAL PROPERTIES (cont'd…)

Acquisition of Imperial project

In March 2017, the Company purchased Imperial USA Corp. which owns the Imperial project located in California. In settlement of the purchase price, the Company paid US$150,000. The remaining payments under the agreement comprise US$1,000,000 payable upon the announcement of a revised Preliminary Economic Assessment ("PEA") or similar report and US$1,000,000 payable 30 days after the date that gold is poured from ore mined from the related properties. During the year ended December 31, 2019, the Company amended these terms such that the US$1,000,000 payable upon announcement of a PEA, if completed within the next twelve months, may be settled in common shares of the Company; in April 2020, the Company announced the PEA results which has triggered the liability to settle in shares the payment of US$1,000,000. The vendor retains a 1% net smelter return royalty ("NSR") on the property. The vendor has the option to receive shares in the Company in settlement of the remaining payments up to achieving a maximum 4.9% ownership interest in the Company, above which level further share consideration is at the option of the Company.

In addition, under the agreement, the Company has committed to incur US$5 million in exploration and development expenditures on the Imperial Project on or before the March 2022, the fifth anniversary of the date of the Imperial Purchase Agreement, of which US$1,796,863 ($2,344,580) has been incurred as of December 31, 2019. In the event that the Company does not incur these expenditures within this timeframe, the Company must then pay US$1,000,000 to the vendor.

In May 2019, the Company received an investment by Macquarie Bank Ltd and its affiliates (collectively, "Macquarie") of $4,000,000. As part of the investment by Macquarie, Macquarie subscribed for 6,000,000 common shares and acquired a 1% NSR royalty (the "Macquarie Royalty") on the Imperial Project for a total cost of $4,000,000. The agreement provides for certain rights for Macquarie to provide project development financing, rights of refusal and offer on additional royalty issuances and sales, and prescribes the proceeds to be used primarily to advance permitting of the Imperial Project. The Company maintains a right to buy back the Macquarie Royalty on the following terms: i) within 6 months of the closing date for the Macquarie Royalty, if the Company is acquired at a price of no less than $0.75 per share, the Company may buy back the Macquarie Royalty for $4,750,000; or ii) within greater than 6 months but less than 12 months of the closing date for the Macquarie Royalty, if the Company is acquired at a price of no less than $1.00 per share, the Company may buy back the Macquarie Royalty for $6,750,000.

The Company incurred costs of $151,255 in connection with this royalty sale. The net proceeds of $2,348,745 from the royalty portion of the investment were applied first to amounts capitalized in connection with the Imperial project of $207,966, and the remainder being $2,140,749 was recorded as a gain on sale of royalty interest.

Acquisition of Long Valley project

In March 2017 the Company purchased certain mining claims in the Long Valley area of California with an upfront payment of US$350,000 to the vendor. The remaining payments under the agreement comprise US$500,000 due 30 days after commencement of commercial production and US$500,000 payable on the 12 month anniversary of the commencement of commercial production. A US$25,000 deposit was paid to the vendor prior to execution of the purchase agreement, which will be applied to the final payment, unless forfeited in the event the agreement is terminated. The vendor has the option to receive shares in the Company in settlement of the remaining payments.

(Expressed in Canadian dollars unless otherwise noted)

7. MINERAL PROPERTIES (cont'd…)

Acquisition of Long Valley project (cont'd…)

The vendor retained a net smelter return royalty on the claims ("the Seller NSR"). The Seller NSR provides for a royalty of 0.5% when the price of gold is under US$1,400/oz, 1.0% when the price of gold is between US$1,401 to US$1,600/oz and 2.0% when the price of gold is above US$1,600/oz. The Company has the option to purchase back 1% of the royalty when the price of gold is above US$1,600/oz for US$2 million if purchased prior to the announcement of a feasibility study or for US$4 million if repurchased prior to commencement of commercial production. In addition, there is a further 1% NSR payable to another third party.

Acquisition of FG Gold project

Pursuant to the amalgamation with Eureka, the Company acquired a 100% interest in certain claims comprising the FG Gold project located in the Cariboo Mining Division, British Columbia, Canada. The project is subject to a 3% NSR which becomes payable after the capital required to bring the property into commercial production is recovered from production. The NSR is limited to a maximum of $2,600,000 with an allowance for the change in the Consumer Price Index from September 1989 to the date the royalty becomes payable.

Acquisition of Gold Creek project

Pursuant to the amalgamation with Eureka, the Company acquired a 100% interest in the Gold Creek project, located in the Cariboo Mining Division, British Columbia, Canada. The project is subject to a 1% NSR of which the Company may purchase 50% (being 0.5%) for $1,000,000.

Acquisition of White Gold project

Pursuant to the amalgamation with Eureka, the Company acquired a 100% interest in the White Gold Project, located in Yukon, Canada. The property is subject to annual work commitments of $187,500 in each of 2020, 2021 and 2022.

Details of the exploration and evaluation expenses incurred are as follows:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Assay and sampling	$ 48,022	$ 84,658
Engineering, metallurgy and geotechnical	219,101	93,136
Environmental studies	28,603	-
Claim maintenance	714,246	203,741
Geographic information system	14,166	9,463
Geological & project evaluation	207,499	41,011
Geophysics	138,410	-
Property taxes	18,075	-
Project support	-	-
Permitting	101,098	433,993
Travel	109,958	9,021
BC METC recovery	(201,366)	-
Other recovery	(197,929)	-
	$ 1,199,883	$ 875,023

8. CONVERTIBLE DEBENTURES

During 2018, the Company obtained financing in the form of convertible debentures in the amount of $250,000 at an interest rate of 1.5% per month from entities related to directors of the Company. Pursuant to the RTO, the debentures were converted into shares of the Company at a rate of one share per $0.50 of the principal balance of the debentures.

9. SHARE CAPITAL

Authorized
Unlimited number of common shares with no par value.

Shares Issued – December 31, 2019 and 2018
The following share related transactions occurred during the year ended December 31, 2019:

- Issuance of 7,200,000 common shares for proceeds of $1,800,000 pursuant to a private placement. In connection with this offering, the Company incurred share issuance costs of $42,206.
- Issuance of 400,000 common shares for proceeds of $100,000 pursuant to a private placement.
- Issuance of 10,000,000 common shares for proceeds of $3,000,000 pursuant to a private placement. The Company incurred share issuance costs in connection with this offering of $78,579.

The following share related transactions occurred during the year ended December 31, 2018:

- Issuance of 3,900,000 units at a price of $0.50 per unit for proceeds of $1,950,000. Each unit consisted of one share and one half share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.75 until October 30, 2020, subject to an acceleration clause whereby if the closing price equals or exceeds $1.00 for a period of ten consecutive days, the Company may accelerate the expiry date of the warrants to 30 days from the date notice is given. The proceeds were allocated $1,365,000 to share capital and $585,000 to warrants.
- Issuance of 500,000 units at a price of $0.50 per unit as consideration for the conversion of convertible debentures (Note 8). Each unit consisted of one share and one half share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.75 until October 30, 2020, subject to an acceleration clause whereby if the closing price equals or exceeds $1.00 for a period of ten consecutive days, the Company may accelerate the expiry date of the warrants to 30 days from the date notice is given. The proceeds were allocated $175,000 to share capital and $75,000 to warrants.
- Completion of the RTO with Eureka whereby Eureka completed a 10:1 share consolidation to hold 5,301,005 shares of the Company and shareholders of Kore were issued an additional 42,653,689 shares in the Company (Note 5) and issued 180,000 as a finder's fee for the transaction valued at $63,000.
- Incurred cash issuance costs of $254,370 and 308,000 agents' warrants with an exercise price of $0.50 and expiry date of October 30, 2020 valued at $33,911 in connection with the above transactions.
- Issuance of 800,000 common shares pursuant to the exercise of options in exchange for consideration of $357,679 and the reallocation of $145,422 of reserves from previously recognized share-based compensation expense.

(Expressed in Canadian dollars unless otherwise noted)

9. SHARE CAPITAL (cont'd…)

Stock Options

Pursuant to a stock option plan (the "Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, with the exercise price to be determined on the date of issuance of the options. The term of options granted under the plan may not exceed five years and such options vest at terms to be determined by the board of directors at the time of the grant, but the exercise price shall not be less than the price determined by the policies of the stock exchange on which the Company's common shares are then listed.

A summary of stock option activity for the years ended December 31, 2019 and 2018 is as follows:

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2017	-	$ -
Granted	2,475,000	0.48
Issued pursuant to RTO (Note 5)	310,000	1.09
Exercised	(800,000)	US$0.35
Expired	(50,000)	1.18
Outstanding options, December 31, 2018	1,935,000	0.58
Granted	6,250,000	0.21
Expired	(385,000)	0.88
Outstanding options, December 31, 2019	**7,800,000**	**$ 0.27**

As at December 31, 2019, the following stock options were outstanding:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price
November 1, 2021	300,000	300,000	$ 0.50
November 1, 2023	1,250,000	1,250,000	0.50
January 13, 2024	2,500,000	833,333	0.14
January 13, 2024	500,000	500,000	0.14
May 9, 2024	150,000	150,000	0.25
July 3, 2024	2,600,000	1,500,000	0.27
October 18, 2024	500,000	250,000	0.29
	7,800,000	**4,783,333**	

Subsequent to December 31, 2019, 404,580 options were exercised for proceeds of $56,648.

(Expressed in Canadian dollars unless otherwise noted)

9. SHARE CAPITAL (cont'd…)

Warrants

A summary of warrant activity for the years ended December 31, 2019 and 2018:

	Number of warrants		Weighted average exercise price
Outstanding warrants, December 31, 2017	-	$	-
Issued	2,508,000	$	0.72
Issued pursuant to RTO (Note 5)	496,943	$	1.44
Expired	(38,338)	$	1.47
Outstanding warrants, December 31, 2018	2,966,605	$	0.83
Expired	(337,105)		1.50
Outstanding warrants, December 31, 2019	**2,629,500**	**$**	**0.74**

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

Expiry date	Number of warrants outstanding		Exercise price
June 10, 2020	121,500	$	1.25
October 21, 2020	308,000		0.50
October 21, 2020	2,200,000		0.75
	2,629,500		

Share-based compensation

During the year ended December 31, 2019, the Company granted 6,250,000 stock options and compensatory warrants (2018 – 2,783,000) which vest over time and have a weighted average exercise price of $0.21 (2018 - $0.49). The fair value of the stock options granted during the year ended December 31, 2019 was $738,953 (2018 - $487,161), or $0.12 per option (2018 - $0.17), determined using the Black Scholes option model. The Company recorded an expense of $537,207 (2018 - $453,250) in connection with the vesting of options during the year ended December 31, 2019.

Share-based compensation was determined using the following weighted average assumptions:

	December 31, 2019	December 31, 2018
Risk free interest rate	1.7%	2.2%
Expected life	3.8	3.6
Annualized volatility	75%	75%
Dividend rate	0%	0%

10. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

During the year ended December 31, 2019, the related party transactions (excluding key management compensation) were as follows:

a) A company owned by a relative of a director provided marketing consulting services of $28,250 (2018 - $44,740) for the year ended December 31, 2018.

b) Advances of $200,000 were provided by a director and former CEO as of December 31, 2018 which was settled in full during the year ended December 31, 2019.

c) Amounts owing to related parties are unsecured, non-interest bearing and due on demand. As at December 31, 2019, $95,332 (2018 - $635,746) is due to related parties.

Key management compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Chairman, President & Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Directors. For the year ended December 31, 2019, total key management compensation was $1,092,728 (2018 - $910,110), which includes management fees and salaries of $590,421 (2018 - $500,000) and share-based compensation of $502,307 (2018 - $410,110).

11. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as equity.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that is intended to provide sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the future. (See Note 2).

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements. There have not been any changes to the Company's capital management policy during the period.

12. RISK MANAGEMENT

Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below (See Note 2).

12. RISK MANAGEMENT (cont'd…)

a. Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash.

The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash is held with reputable financial institutions in Canada.

b. Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2019, the Company had working capital of $2,753,677 and it does not have any long term monetary liabilities. The Company will seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they fall due. As at December 31, 2019, the Company had cash of $3,133,623 to settle current liabilities of $707,361. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. See Note 2.

c. Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds its cash and cash equivalents on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is considered by management to be immaterial.

d. Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company maintains its cash reserves in Canadian and United States dollars. The portion of the Company's funds held in US dollars are subject to fluctuations in foreign exchange rates.

At December 31, 2019, the Company has certain monetary items denominated in United States dollars. Based on these net exposures, a 10% appreciation or depreciation of the Canadian dollar against the United States dollar would result in an increase or decrease of $34,892 in the Company's net loss.

Fair Values

The carrying values of cash, deposits and other receivables and trade and other accounts payable approximate fair values due to their short-term to maturity nature or the ability to readily convert to cash.

(Expressed in Canadian dollars unless otherwise noted)

13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and development of exploration and evaluation properties in the United States and Canada. The following table shows the geographic breakdown of the Company's non-current assets:

	December 31, 2018					
	Canada		USA		Total	
Mineral properties	**$**	**868,743**	**$**	**744,049**	**$**	**1,612,792**

	December 31, 2019					
	Canada		USA		Total	
Mineral properties	**$**	**868,743**	**$**	**504,271**	**$**	**1,373,014**

14. INCOME TAXES

The income tax provision differs from the amount computed by applying the statutory rates to loss before income taxes. These differences result from the following:

		2019		2018
Loss for the year	$	(1,790,324)	$	(4,505,122)
Expected income tax (recovery)	$	(483,000)	$	(1,216,000)
Change in statutory, foreign tax, foreign exchange rates and other		(16,000)		3,000
Permanent differences		200,000		673,000
Share issue cost		(33,000)		(69,000)
Tax impact of RTO		-		237,000
Change in unrecognized deductible temporary differences and other		332,000		372,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2019	Expiry Date Range		2018
Temporary Differences					
Exploration and evaluation assets	$	4,076,000	No expiry date	$	863,000
Share issue costs and other		439,000	2038 to 2041		412,000
Non-capital losses available for future periods		5,775,000	2026 to 2037		5,820,000
Canada		5,512,000	2026 to 2037		4,457,000
USA		263,000	2020 to 2033		1,362,000

As at December 31, 2019 the Company had tax operating losses available of the following, which expire at various dates and amounts through 2039.

14. INCOME TAXES (cont'd…)

The ability to use U.S. loss carry-forwards in future is subject to certain limitations under provisions of the internal Revenue Code, including Section 382, which relates to a 50% change in control of ultimate shareholders over a three-year period, and is further dependent upon the Company attaining profitable operations. Ownership changes, as defined, may have occurred in prior years for Imperial USA Corp. and the U.S. tax losses related to Imperial USA Corp. may be subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited or such losses may expire un-utilized. Losses incurred to date may be further limited if a subsequent change in control occurs.