Golden Predator Mining Corp.

(An Exploration Stage Company)

Consolidated Financial Statements

Years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

Independent Auditor's Report

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To the Shareholders of Golden Predator Mining Corp.

Opinion

We have audited the consolidated financial statements of Golden Predator Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019, and December 31, 2018 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has an accumulated deficit and cash outflows from operating activities that raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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 Robert Riecken.

Grant Thornton LLP

Vancouver, Canada
April 28, 2020

Chartered Professional Accountants

Golden Predator Mining Corp.

Consolidated Statements of Financial Position
December 31, 2019 and 2018
(Expressed in Canadian dollars)

	Notes	2019	2018
Assets			
Current assets			
Cash and cash equivalents		$ 1,187,461	$ 610,355
Restricted cash		80,500	80,500
Marketable securities	3	54,030	215,120
Accounts receivable	4	174,874	341,530
Due from associate	17	66,306	3,360
Prepaid expenses and deposits		264,426	237,352
Inventories	5	771,522	908,145
		2,599,119	2,396,362
Non- Current assets			
Reclamation deposits	6	673,183	673,183
Derivative asset	7	-	8,750
Investment in associate	8	1,859,498	1,648,343
Right-of-use assets	11	488,226	-
Equipment	9	2,548,269	3,449,533
Mineral properties	10	4,631,117	4,376,055
		$ 12,799,412	**$ 12,552,226**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 2,346,180	$ 1,699,448
Lease liabilities – current portion	11	109,438	175,238
Flow-through share premium liability	12	539,840	-
		2,995,458	1,874,686
Non-current liabilities			
Lease liabilities	11	71,403	33,923
		3,066,861	1,908,609
Shareholders' equity			
Share capital	13	82,540,942	74,878,584
Contributed surplus	13	8,287,102	7,625,025
Accumulated deficit		(81,095,493)	(71,859,992)
		9,732,551	10,643,617
		$ 12,799,412	**$ 12,552,226**

Nature of operations (Note 1), Commitments (Note 20) and Subsequent events (Note 21)

See accompanying notes to these consolidated financial statements.

Approved by the board of directors:

"William Harris" Director *"Bradley Thiele"* Director

Golden Predator Mining Corp.

Consolidated Statements of Loss and Comprehensive Loss
Years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	Notes	2019	2018
Expenses			
Exploration	14	$ 7,755,448	$ 11,794,409
General and administrative	15	2,699,688	3,554,847
Impairment of mineral properties (recovery)	10	(23,750)	2,605,848
		(10,431,386)	(17,955,104)
Other items			
Settlement of flow-through share premium liability	12	1,388,160	1,658,228
Sales of gold coins and bars		198,800	571,273
Interest revenue		36,894	104,575
Gain (loss) on marketable securities	3	84,786	(250,524)
Gain on sale of equipment	9	-	20,595
Cost of gold sales		(189,207)	(594,254)
Loss on settlement of debt	13	(170,000)	-
Share of loss from investment in associate	8	(97,595)	(98,908)
Interest expense on lease liabilities	11	(29,558)	(29,161)
Foreign exchange gain (loss)		(17,645)	26,525
Loss on derivative asset	7	(8,750)	(131,250)
Net loss and comprehensive loss for the year		**$ (9,235,501)**	**$ (16,678,005)**
Basic and diluted loss per share		**$ (0.07)**	**$ (0.14)**
Weighted average number of common shares outstanding		**142,802,310**	**120,344,659**

See accompanying notes to these consolidated financial statements.

Golden Predator Mining Corp.
Consolidated Statements of Cash Flows
Years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	Notes	2019	2018
Cash provided by (used in):			
Operating activities:			
Net loss		**$ (9,235,501)**	**$ (16,678,005)**
Adjustments for non-cash items:			
Depreciation	9,11	1,021,976	667,522
Stock-based compensation	13, 17	599,020	1,032,508
Share of loss from investment in associate	8	97,595	98,908
Loss on derivative asset	7	8,750	131,250
Settlement of flow-through share premium liabilities	12	(1,388,160)	(1,658,228)
Loss (gain) on marketable securities	3	(84,786)	250,524
Impairment of mineral properties (recovery)	9	(23,750)	2,605,848
Gain on sale of equipment	9	-	(20,595)
Net change in non-cash working capital	16	1,182,191	(734,097)
		(7,822,665)	**(14,304,365)**
Financing activities:			
Proceeds of financings	13	9,320,000	8,383,264
Share issuance costs	13	(533,085)	(896,172)
Warrants exercised	13	-	5,291,630
Options exercised	13	107,000	188,175
Proceeds from leasing activities		-	340,000
Repayment of lease liabilities net of interest accrual	11	(255,614)	(130,839)
Share repurchases	13	-	(25,133)
		8,638,301	**13,150,925**
Investing activities:			
Acquisition of equipment	9	(333,844)	(1,830,744)
Acquisition of mineral properties	10	(150,562)	(227,090)
Proceeds from sale of equipment	9	-	41,518
Proceeds from sale of marketable securities	3	245,876	30,809
		(238,530)	**(1,985,507)**
Change in cash and cash equivalents		**577,106**	**(3,138,947)**
Cash and cash equivalents – beginning of year		**610,355**	**3,749,302**
Cash and cash equivalents – end of year		**$ 1,187,461**	**$ 610,355**

Supplemental cash flow information (Note 16)
See accompanying notes to these consolidated financial statements.

Golden Predator Mining Corp.

Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated deficit	Total
Balance, December 31, 2017	**94,373,210**	**$ 63,516,726**	**$ 6,577,839**	**$ (55,181,987)**	**$ 14,912,578**
Private placements	9,212,378	8,383,264	-	-	8,383,264
Share issuance costs	-	(896,172)	-	-	(896,172)
Finders' warrants issued	-	(142,792)	142,792	-	-
Warrants exercised	26,323,000	5,291,630	-	-	5,291,630
Stock options exercised	647,500	341,289	(153,114)	-	188,175
Shares issued for property acquisition	100,000	68,000	-	-	68,000
Warrants issued for property acquisition	-	-	25,000	-	25,000
Flow-through share premium liabilities	-	(1,658,228)	-	-	(1,658,228)
Share repurchases	(100,000)	(25,133)	-	-	(25,133)
Stock-based compensation	-	-	1,032,508	-	1,032,508
Net loss and comprehensive loss	-	-	-	(16,678,005)	(16,678,005)
Balance, December 31, 2018	**130,556,088**	**$ 74,878,584**	**$ 7,625,025**	**$ (71,859,992)**	**$ 10,643,617**
Private placements	23,100,000	9,320,000	-	-	9,320,000
Share issuance costs	-	(553,611)	-	-	(553,611)
Finders' warrants issued	-	(70,557)	70,557	-	-
Finders' shares issued	52,632	20,526	-	-	20,526
Stock options exercised	625,000	168,500	(61,500)	-	107,000
Shares issued for royalty repurchase	600,000	117,000	-	-	117,000
Shares issued for property acquisition	950,000	218,500	-	-	218,500
Share issued for debt settlements	1,000,000	370,000	-	-	370,000
Warrants issued for property acquisition	-	-	54,000	-	54,000
Flow-through share premium liability	-	(1,928,000)	-	-	(1,928,000)
Stock-based compensation	-	-	599,020	-	599,020
Net loss and comprehensive loss	-	-	-	(9,235,501)	(9,235,501)
Balance, December 31, 2019	**156,883,720**	**$ 82,540,942**	**$ 8,287,102**	**$ (81,095,493)**	**$ 9,732,551**

See accompanying notes to these consolidated financial statements.

1. NATURE OF OPERATIONS, BASIS OF PREPARATION AND GOING CONCERN

Golden Predator Mining Corp. ("Golden Predator" or the "Company") was incorporated under the Business Corporations Act (Alberta) on April 29, 2008 and continued into British Columbia from the jurisdiction of Alberta on October 21, 2015. The Company's head office is located at Suite 250 – 200 Burrard Street, Vancouver, British Columbia. Golden Predator is in the business of acquiring and exploring mineral properties primarily in the Yukon, Canada.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company has no ongoing source of operating cash flow and operations to date have been funded primarily from the issue of share capital. At December 31, 2019, the Company had an accumulated deficit of $81,095,493 (2018 - $71,859,992) and incurred a net loss of $9,235,501 for the year then ended (2018 - $16,678,005). At December 31, 2019 the Company had a working capital deficiency of $396,339 (2018 – working capital of $521,676).

The Company's continued operations are dependent on its ability to raise additional funding from loans or equity financings or through other arrangements. There is no assurance that future financing activities will be successful. These conditions give rise to a material uncertainty which casts significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Golden Predator Exploration Ltd. and Yukon Mint Corporation.

Subsidiaries are entities that the Company controls, either directly or indirectly. Control is achieved when the Company is exposed to or has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. All intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full.

Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Basis of presentation and measurement

These consolidated financial statements are based on IFRS, as issued by the International Accounting Standards Board.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value, and are presented in Canadian dollars, which is the Company's functional currency as well as the functional currency of the Company's subsidiaries. The consolidated financial statements were authorized for issue by the board of directors on April 28, 2020.

c. Adoption of new standards

IFRS 16

The Company has adopted *IFRS 16 - Leases* ("IFRS 16") effective January 1, 2019 using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information which continues to be reported under IAS 17, Leases ("IAS 17").

Under IFRS 16, the Company is required to assess whether a contract is, or contains, a lease at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company evaluates whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset (which is included in equipment), and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate of the Company. Lease payments included in the measurement of the lease liability include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the exercise price of purchase options if the Company is reasonably certain to exercise that option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a modification, change in the lease term, change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c. Adoption of new standards (cont'd)

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of loss and comprehensive loss over the lease term.

Effect of Adopting IFRS 16

The Company applied the modified retrospective approach on the adoption of IFRS 16, whereby comparative figures have not been restated. The Company has elected to measure its right-of-use assets at amounts equal to the associated lease liabilities at the adoption date and also elected to apply the practical expedient whereby leases whose term ends within twelve months of the date of initial application would be accounted for in the same way as short term leases.

As a result of the adoption, the Company recorded additional right-of-use assets in equipment of $275,094 which had previously been classified as operating leases under the principles of IAS 17. These right-of-use assets were measured at an amount equal to their related lease liabilities of $227,294 plus a reclassification from prepaid expenses of $47,800.

The following table reconciles the December 31, 2018 operating lease commitment schedule to the lease liabilities recognized on January 1, 2019 on adoption of IFRS 16:

Finance lease obligation recorded at December 31, 2018	$	209,161
Operating lease commitments disclosed at December 31, 2018		307,623
Lease deposits included in prepaid expenses at December 31, 2018		(47,800)
		468,984
Operating leases not converted under IFRS 16		(6,439)
Effect of discounting at the incremental borrowing rate		(26,090)
Adjusted opening balance at January 1, 2019	**$**	**436,455**

IFRIC 23

The Company has adopted *IFRIC 23 – Uncertainty over Income Tax Treatments* ("IFRIC 23") effective January 1, 2019 using the retrospective method. IFRIC 23 clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. The effect of uncertain tax treatments are recognized at the most likely amount or expected value. The adoption of IFRIC 23 did not affect our financial results or disclosures.

d. Foreign currency translation

Transactions in currencies other than the Company's functional currency are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e. Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with banks, and highly liquid short-term interest-bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

f. Restricted cash

Restricted cash includes a deposit with a major Canadian financial institution as security for the Company's corporate credit cards.

g. Inventories

Inventories consist of refined gold bullion or coins and are valued at the lower of cost and net realizable value. Cost of inventories includes all costs of production or purchase and all costs of conversion and other costs incurred to bring the inventories to their present condition. Net realizable value represents the estimated selling price of inventory in the normal course of business less applicable selling expenses. If there is a subsequent increase in the value of inventory, the previous write-down to net realizable value is reversed up to the original cost.

h. Reclamation deposits

Reclamation deposits include bonds that have been pledged for reclamation and closure activities and that are not available for immediate disbursement.

i. Investment in associate

Investments in associates are accounted for using the equity method. The carrying amount of the investment in associate is increased or decreased to recognize the Company's share of the profit or loss of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company. Unrealized gains and losses on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate.

j. Equipment

Equipment is originally recorded at cost at the time of purchase and is subsequently measured at cost less accumulated depreciation and impairment. Costs include all costs required to bring the item into its intended use by the Company.

Costs incurred for major overhauls of existing equipment are capitalized and are subject to depreciation once they are commissioned. The costs of routine maintenance and repairs are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j. Equipment (cont'd)

Equipment is depreciated over the remaining useful life of the asset as follows:

Field equipment	4 - 5 years straight-line
Camp equipment	5 years straight-line
Computer equipment	30% declining balance
Camp	5 years straight-line
Vehicle	30% straight-line
Mill	5 years straight-line
Bridge	25 years straight-line
Leasehold	3 years straight-line

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

k. Mineral properties

Acquisition costs for mineral properties, net of recoveries, are capitalized on a property-by-property basis. Exploration and evaluation expenditures incurred during the exploration and evaluation phase are expensed as incurred and included in profit or loss. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of production.

If it is determined that capitalized acquisition costs are not recoverable, or the property is abandoned or management has determined that there is an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

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

The Company has no operational income; therefore, any incidental revenue earned in connection with exploration activities is credited against exploration expenses.

l. Provision for environmental reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future reclamation costs is capitalized to the related asset along with a corresponding increase in the reclamation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l. Provision for environmental reclamation (cont'd)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The increase in the provision due to the passage of time is recognized as interest expense. The Company has determined that it has no significant reclamation provision obligations at December 31, 2019.

m. Impairment of tangible and intangible assets

The Company assesses at each reporting period whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it to the asset's carrying amount. The recoverable amount is the higher of the fair value less costs of disposal and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of loss during the period.

Reversals of impairment arise from subsequent reviews of the impaired assets where the conditions which gave rise to the original impairments are deemed no longer to apply. The carrying value of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the statement of loss in the period it is determined.

n. Share-based compensation

The Company grants share-based awards in the form of share options in exchange for the provision of services from certain employees, officers, and directors. The share options are equity settled awards. The Company determines the fair value of the awards on the date of grant using the Black-Scholes model. This fair value is charged to loss using a graded vesting attribution method over the vesting period of the options, with a corresponding credit to contributed surplus. When the share options are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjusts the total expense to be recognized over the vesting period.

o. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax payable, if any, is based on taxable earnings for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o. Income taxes (cont'd)

Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

p. Treasury shares

Own equity instruments (treasury shares) are deducted from equity when calculating the profit/loss per shares. No gain or loss is recognized in profit or loss on the purchase, sale, or cancellation of the Company's own equity instruments. When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or subsequently re-issued, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the accumulated deficit.

q. Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs include commissions, facilitation payments, professional fees, and regulatory fees.

For the unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then share purchase warrants.

Share purchase warrants that are issued for goods and services are initially accounted for under IFRS 2 as equity instruments. Subsequent to their issuance, share purchase warrants issued for goods and services are considered as equity for their entire life. The fair value of such share purchase warrants is not re-measured. When these share purchase warrants are exercised, the cash proceeds received, and the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited then these amounts remain in equity under contributed surplus.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r. Flow-through shares

The Company may issue flow-through shares to finance a portion of its capital expenditure program. Pursuant to the terms of the flow-through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow-through shares issued and the value that would have been received for common shares with no tax attributes (the market price of the shares when the financing closed) is initially recognized as a liability. When the expenditures are incurred the liability is drawn down, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Company as a result of the renunciation and the difference is recognized as a deferred tax expense.

s. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In periods of loss basic and diluted earnings per share are the same as the effect of issuance of additional shares is anti-dilutive.

t. Revenue recognition

As the Company is in the exploration stage, it has no significant ongoing sources of revenue. Incidental revenue is generated from the sale of gold bars and coins through the Company's Yukon Mint Corporation subsidiary. In accordance with IFRS 15, the Company recognizes revenue when the gold is shipped to the customer. Delivery of the gold is considered to be the only performance obligation and revenue is measured based on the consideration specified in the contract with the customer.

Gold sales generated from bulk sampling activities are treated as a cost recovery against exploration expenses.

u. Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from the amounts included in the consolidated financial statements. The following are key sources of estimation uncertainty and judgement.

Carrying value of equipment
Judgment is required in assessing whether indicators of impairment exist. The Company considers both internal and external information to determine whether there is an indicator of impairment and whether impairment testing is required. The information we consider in assessing whether there is an indicator of impairment includes market transactions for similar assets, commodity prices, interest rates, inflation rates, mine plans, and operating results.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

u. Critical accounting estimates and judgments (cont'd)

Carrying value of mineral properties
The Company follows the guidance of IFRS 6 to determine when a mineral property asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the results of exploration and evaluation activities to date and the company's future plans to explore and evaluate a mineral property.

Deferred income taxes
Deferred tax liabilities are estimated for tax that may become payable in the future. Future payments could be materially different from our estimated deferred tax liabilities. The Company has deferred tax assets related to non-capital loses and other temporary differences. Deferred tax assets are only recognized to the degree that it shelters tax liabilities or when it is possible that there will be sufficient taxable income in the future to recover them.

Investment in associate
Our investment in Taku Gold Corp. has been accounted for as an investment in an associate. Determining the appropriate accounting treatment to apply to interests in other entities requires significant judgment to determine the degree of control or significant influence the Company exercises over the investee.

Share-based compensation
The fair value of stock-based compensation is estimated using valuation techniques at the date of grant. Significant judgement is required to determine the most appropriate valuation model and in determining the inputs into the model, including the expected life of the options, volatility and interest rates.

v. Financial instruments

The following is the Company's revised policy for accounting for financial instruments:

Financial instruments are recognized on the date on which the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flow from assets have expired or have been transferred and the Company has transferred all the risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, canceled, or expires. All financial instruments are initially recognized at fair value and measurement in subsequent periods is dependent upon the classification of the financial instrument.

The Company classifies and measures its financial instruments as follows:

i. *Non-derivative financial instruments*

Fair Value through Profit and Loss ("FVTPL")
Marketable securities are classified as FVTPL. They are initially recognized at fair value and transaction costs are expensed. Realized and unrealized gains and losses arising from changes in the fair value of the financial instruments are included in profit or loss in the period in which they occur. Changes in fair value of the financial instrument associated with the Company's own credit risk will be recognized in other comprehensive income.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

v. Financial instruments (cont'd)

Amortized cost
Cash and cash equivalents, accounts receivable, due from associate, and reclamation bonds are classified as and measured at amortized cost using the effective interest rate method, adjusted for impairment losses, if any.

ii. Derivative financial instruments

Derivative instruments are classified as FVTPL. They are initially recognized at fair value and gains or losses in fair value are included in profit or loss in the period in which they occur. Embedded derivatives in financial liabilities measured at amortized cost are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. Embedded derivatives in financial assets are not separated from the host and the hybrid instruments are classified as a whole.

3. MARKETABLE SECURITIES

Marketable securities consist of common shares in publicly traded companies.

Balance, December 31, 2017	**$**	**496,453**
Proceeds from sale of marketable securities		(30,809)
Change in fair value of marketable securities		(250,524)
Balance, December 31, 2018		**215,120**
Sale of marketable securities		(245,876)
Change in fair value of marketable securities		84,786
Balance, December 31, 2019	**$**	**54,030**

4. ACCOUNTS RECEIVABLE

As at December 31, 2019, accounts receivable consist of trade receivables in relation to the sale of gold bars of $6,628 (2018 - $216,783), goods and services tax receivable of $161,174 (2018 - $118,719) and interest on guaranteed investment certificates of $7,072 (2018 - $6,028).

5. INVENTORIES

As at December 31, 2019, inventories consist of 282 (2018 - 365) ounces of refined gold bullion valued at $557,593 (2018 - $636,860), 12 (2018 - 29) ounces of gold bars valued at $23,737 (2018 - $50,600) and 90 (2018 - 124) ounces of gold coins valued at $190,192 (2018 - $220,685).

6. RECLAMATION DEPOSITS

As at December 31, 2019, the Company had $673,183 (2018 - $673,183) on deposit with a major Canadian financial institution as security for future project reclamation costs.

(Expressed in Canadian dollars)

7. DERIVATIVE ASSET

During the year ended December 31, 2017, the Company acquired 1,750,000 Units of Taku Gold Corp. ("Taku") in a private placement for $0.10 per Unit. Each Unit consisted of one common share and one share purchase warrant. Each warrant entitled the holder to acquire one additional common share at a price of $0.15 for a period of two years. The warrants are a derivative asset to the Company. The warrants were initially recorded based on their fair value. The warrants are subsequently remeasured at fair value at each reporting date, with changes in value recorded in profit or loss. The warrants expired on July 4, 2019.

Balance, December 31, 2017	**$**	**140,000**
Fair value loss		(131,250)
Balance, December 31, 2018		**8,750**
Fair value loss		(8,750)
Balance, December 31, 2019	**$**	**-**

8. INVESTMENT IN ASSOCIATE

During the year ended December 31, 2017, the Company acquired 9,750,000 shares of Taku. This totaled 24.47% of the issued and outstanding shares of Taku, and the Company determined that it exercised significant influence over Taku as of August 1, 2017, resulting in the investment being considered an investment in an associate and being accounted for using the equity method.

During the year ended December 31, 2019, the Company acquired an additional 4,750,000 shares of Taku under the revised Sonora Gulch option agreement, and Taku issued 425,000 shares to other investors, bringing the Company's total shareholdings to 14,500,000 shares or 32.21% of the issued and outstanding shares of Taku. The Company has determined that it still exercises significant influence over Taku and will thus continue to apply the equity method of accounting.

The following is a summary of Taku's financial information on a 100% basis as at December 31, 2019 and 2018. Taku's financial statements are prepared in accordance with IFRS and the amounts presented here have been adjusted to reflect fair value adjustments made at the time of the investments and for differences in accounting policies.

		2019		**2018**
Cash and cash equivalents	$	5,816	$	254,247
Total current assets		39,350		296,235
Total non-current assets		5,843,557		6,462,996
Total current liabilities and total liabilities		(109,862)		(23,053)
Net asset value		5,773,045		6,736,178
Ownership Percentage		32.21%		24.47%
Carrying value of the investment in Taku	$	1,859,498	$	1,648,343
Net loss and comprehensive loss	$	(308,616)	$	(515,767)
Proportionate share of net loss and comprehensive loss	$	(95,721)	$	(126,208)

(Expressed in Canadian dollars)

8. INVESTMENT IN ASSOCIATE (CONT'D)

The following table is a reconciliation of the carrying value of the investment in Taku:

Balance, December 31, 2017	**$ 1,747,251**
Adjustments to carrying value:	
Proportionate share of net loss (year ended December 31, 2018)	(126,208)
Adjustment for share-based compensation	27,300
Loss from investment in associate	(98,908)
Balance, December 31, 2018	**$ 1,648,343**
Adjustments to carrying value:	
Proportionate share of net loss (year ended December 31, 2019)	(95,721)
Adjustment for share-based compensation	7,149
Adjustment for change in equity position	(9,023)
Loss from investment in associate	(97,595)
Add shares received under Sonora Gulch option agreement (Note 10)	308,750
Balance, December 31, 2019	**$ 1,859,498**

Taku is a mineral exploration company focused on exploration and resource development in Yukon, Canada. The fair market value of 14,500,000 shares of Taku at December 31, 2019 is $870,000 (2018 - 9,750,000 shares with a fair market value of $390,000). The Company is not exposed to any additional losses beyond its initial investment in Taku. No dividends or cash distributions have been received from Taku.

(Expressed in Canadian dollars)

9. EQUIPMENT

	Computer and software	Field equipment	Camp and camp equipment	Vehicles	Leasehold	Finance Lease	Mill	Bridge	Total
Cost									
Balance, December 31, 2017	$ 11,143	$1,389,598	$ 755,637	$ 439,780	$ 13,012	$ 142,350	$ 271,543	$ 477,610	$ 3,500,673
Additions	-	112,112	552,761	-	-	340,000	899,228	-	1,904,101
Disposals	-	-	(5,518)	-	-	-	(25,674)	-	(31,192)
Balance, December 31, 2018	11,143	1,501,710	1,302,880	439,780	13,012	482,350	1,145,097	477,610	5,373,582
IFRS 16 transition (Note 2,11)	-	-	-	-	-	(482,350)	-	-	(482,350
Adjusted balance, January 1, 2019	11,143	1,501,710	1,302,880	439,780	13,012	-	1,145,097	477,610	4,891,232
Additions	-	-	12,000	-	-	-	321,844	-	333,844
Balance, December 31, 2019	$ 11,143	$1,501,710	$1,314,880	$ 439,780	$ 13,012	$ -	$ 1,466,941	$ 477,610	$ 5,225,076
Accumulated Depreciation									
Balance, December 31, 2017	$ 1,671	$ 515,118	$ 419,960	$ 178,408	$ 2,168	$ 52,350	$ 68,463	$ 28,658	$ 1,266,796
Depreciation	2,842	224,926	132,003	107,769	4,338	34,000	142,539	19,105	667,522
Disposals	-	-	-	-	-	-	(10,269)	-	(10,269)
Balance, December 31, 2018	4,513	740,044	551,963	286,177	6,506	86,350	200,733	47,763	1,924,049
IFRS 16 transition (Note 2,11)	-	-	-	-	-	(86,350)	-	-	(86,350)
Depreciation	1,989	259,106	187,926	105,438	4,338	-	261,206	19,105	839,108
Balance – December 31, 2019	$ 6,502	$ 999,150	$ 739,889	$ 391,615	$ 10,844	$ -	$ 461,939	$66,868	$ 2,676,807
Net book value									
Balance, December 31, 2017	$ 9,472	$ 874,480	$ 335,677	$ 261,372	$ 10,844	$ 90,000	$ 203,080	$ 448,952	$ 2,233,877
Balance, December 31, 2018	$ 6,630	$ 761,666	$ 750,917	$ 153,603	$ 6,506	$ 396,000	$ 944,364	$ 429,847	$ 3,449,533
Balance, December 31, 2019	$ 4,641	$ 502,560	$ 574,991	$ 48,165	$ 2,168	$ -	$ 1,005,002	$ 410,742	$ 2,548,269

(Expressed in Canadian dollars)

10. MINERAL PROPERTIES

	Brewery Creek	Marg	Grew Creek	3 Aces(*)	Sprogge(*)	Reef(*)	Upper Hyland	Sonora Gulch	Other	Total
Balance, December 31, 2017	$ 1,313,032	$ 2,265	$ 117,500	$ 1,254,804	$ 432,500	$ 650,864	$ 96,300	$ 2,509,548	$ -	$ 6,661,813
Acquisition costs	27,260	-	-	-	-	-	-	-	4,830	32,090
Option payments - cash	-	-	-	45,000	-	150,000	-	-	-	195,000
Option payments - shares	-	-	-	-	-	68,000	-	-	-	68,000
Option payments - warrants	-	-	-	-	-	25,000	-	-	-	25,000
Impairment	-	-	-	-	-	-	(96,300)	(2,509,548)	-	(2,605,848)
Balance, December 31, 2018	$ 1,340,292	$ 2,265	$ 117,500	$ 1,299,804	$ 432,500	$ 893,864	$ -	$ 285,000	$ 4,830	$ 4,376,055
Acquisition costs	122,562	-	-	-	-	-	-	-	-	122,562
Option payments - cash	-	-	50,000	45,000	-	50,000	-	-	-	145,000
Option payments - shares	-	-	-	-	-	218,500	-	-	-	218,500
Option payments - warrants	-	-	-	-	-	54,000	-	-	-	54,000
Property payments received	-	-	-	-	-	-	-	(308,750)	-	(308,750)
Recovery of impairment	-	-	-	-	-	-	-	23,750	-	23,750
Balance, December 31, 2019	$ 1,462,854	$ 2,265	$ 167,500	$ 1,344,804	$ 432,500	$1,216,364	$ -	$ -	$ 4,830	$ 4,631,117

(*) The properties were sold subsequent to December 31, 2019 (Note 21)

10. MINERAL PROPERTIES (CONT'D)

Brewery Creek, Yukon

The Company owns 100% of the Brewery Creek Project, subject to the following royalties:

- 2% NSR royalty to Alexco Resources Corp. on the first 600,000 ounces of gold produced, increasing to 2.75% thereafter. The Company can purchase 0.625% of the increased NSR royalty for $2,000,000;
- 5% net profits interest ("NPI") over a portion of the property; and
- 2.5% NPI to the Tr'ondek Hwech'in First Nation ("THFN") on areas outside the existing mining permits (part of an Amended and Restated Socio and Economic Accord between the Company and THFN).

During the year ended December 31, 2019, the Company eliminated a royalty held by Franco Nevada Corporation by issuing them 600,000 common shares valued at $117,000 and paid $5,562 in other acquisition related costs.

During the year ended December 31, 2019, the Company received formal notification from the Yukon Government confirming the validity of its existing Quartz Mining License and Water License, which allows the Company to immediately commence work to restart the Brewery Creek Mine.

An Amended and Restated Socio-Economic Accord for the Brewery Creek Project was entered into with the Tr'ondëk Hwëch'in First Nation ("THFN") in 2012. As consideration for entering into the agreement, the Company paid $400,000 worth of common shares to the THFN in prior periods. Upon receipt of all required permits in respect of the portion of the mine site outside the existing permitted area, the Company will pay an additional sum of $300,000, payable in shares at a price equal to a 5-day volume weighted average price. Key aspects of the Socio-Economic Accord include the Company's commitment in respect of training and scholarships, and the annual community legacy project grant, amounting to $60,000 per annum while the mine is operating. The Company has also agreed to pay the THFN a 2.5% NPI on revenue from the mine site, excluding the existing permitted area.

Marg, Yukon

The Company owns a 100% interest in the Marg property, subject to a 1% NSR royalty to Till Capital.

Grew Creek, Yukon

The Company owns 100% of the Grew Creek property, subject to a 4% NSR royalty. An annual $25,000 advance royalty is payable on the property. In October 2016, the Company entered into a Property Option Agreement with Quantum Cobalt Corp. ("Quantum" – formerly Bravura Ventures Corp.) whereby Quantum could earn up to a 90% interest in the Grew Creek property. Quantum did not make the cash and share payments scheduled for 2018, resulting in the Property Option Agreement being terminated and control of the property returned to the Company during the year ended December 31, 2019.

3 Aces, Yukon

The Company owns 100% of the 3 Aces property, subject to the Net Smelter Returns ("NSR") royalties described below.

10. MINERAL PROPERTIES (CONT'D)

3 Aces, Yukon (cont'd)

An annual advance royalty payment of $45,000 is payable until the commencement of commercial production. The vendor will retain a 2% NSR on the property. If a resource estimate in excess of 500,000 ounces at a grade greater than 5 grams per tonne is defined on the property (in compliance with the Canadian Securities Administrators' National Instrument 43-101, Standards of Disclosure for Mineral Projects), the vendor's NSR royalty will increase to 2.5% and the vendor will receive a bonus payment of $300,000 in cash or equivalent Golden Predator common shares. If a National Instrument 43-101 compliant resource estimate in excess of 1,000,000 ounces at a grade greater than 5 grams per tonne gold is defined on the property, the vendor's NSR royalty will increase to 3% and the vendor will receive an additional bonus payment of $300,000 in cash or equivalent Golden Predator shares. Each 1% of the NSR can be purchased by the Company for $2,000,000. The property is also subject to a 1.0% NSR to Till Capital.

Sprogge, Yukon

The Company owns 100% of the Sprogge property subject to NSR royalties totaling 2.32%. The Company can buy back up to 0.85% of the royalties for $1,250,000.

Reef, Yukon

During the year ended December 31, 2017, the Company entered into a mineral property option agreement with Precipitate Gold Corp. ("Precipitate") to acquire the Reef property located adjacent to the northern boundary of the 3 Aces Project. The option agreement was amended during the year ended December 31, 2019, and the Company acquired 100% of the project by making the following payments:

a) Cash payments as follows:
   - $400,000 on the closing date;
   - $150,000 on February 9, 2018; and
   - $50,000 on June 30, 2019.

b) Issuance of common shares as follows:
   - 100,000 on the closing date;
   - 100,000 on February 9, 2018; and
   - 950,000 on April 1, 2019.

c) Issuance of common share purchase warrants as follows:
   - 100,000 on the closing date - $1.59 exercise price with a 3-year term;
   - 100,000 on February 9, 2018 - $2.00 exercise price with a 3-year term; and
   - 450,000 on April 1, 2019 - $0.40 exercise price with a 4-year term.

d) The Company granted Precipitate a 2% NSR royalty on certain of the claims and a 1% NSR royalty on the remaining claims. The Company may repurchase 25% of the NSR royalty, for $1,000,000, and a further 25% for $1,500,000.

(Expressed in Canadian dollars)

10. MINERAL PROPERTIES (CONT'D)

3 Aces, Sprogge and Reef, Yukon (cont'd)

On March 29, 2020, the Company entered into an agreement with Seabridge Gold Inc. for the sale of a 100% interest in the 3 Aces Project, which includes the 3 Aces, Sprogge and Reef properties, subject to the underlying royalties (Note 21).

Sonora Gulch, Yukon

During the year ended December 31, 2017, the Company optioned the Sonora Gulch property to Taku. In August 2018, the agreement was amended to extend some of the payment terms. During the year ending December 31, 2019, the option agreement was amended a second time such that Taku earned a 100% interest in the Sonora Gulch property by issuing the Company an aggregate of 9,250,000 common shares as follows:

- 4,500,000 on the closing date (received);
- 4,750,000 on March 27, 2019 (received).

The Company also retained a 1% NSR royalty on the Sonora Gulch property. The shares were valued at their fair market value and recorded as reductions in the carrying value of the property when received. The carrying value of the Sonora Gulch property was written down by $2,509,548 during the year ended to December 31, 2018 to reflect the proceeds expected to be received under the option agreement. A recovery of $23,750 was recorded in the year ended December 31, 2019 to reflect the final fair market value of the shares received.

Upper Hyland, Yukon

During the year ended December 31, 2017, the Company entered into a mineral property purchase agreement with Bearing Lithium Ltd. ("Bearing") for the purchase of certain mineral claims located in the Upper Hyland River area of the Yukon. In the year ended December 31, 2018, the Company elected to discontinue its interest in the Upper Hyland property, and the carrying value of the property ($96,300) was written off.

11. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

After adopting IFRS 16 – Leases (see Note 2), the Company's lease liabilities include contracts for leasing office space in Vancouver and Watson Lake and for a trailer camp.

Adjusted opening balance at January 1, 2019	$	436,455
Principal payments		(285,172)
Accretion		29,558
Balance, December 31, 2019	$	180,841

(Expressed in Canadian dollars)

11. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS (CONT'D)

The following table sets out the future minimum lease payments as well as their present value as at December 31, 2019:

Future minimum lease payments		
Within 1 year	$	114,293
Within 2-5 years		77,368
		191,661
Effect of discounting		(10,820)
Present value of minimum lease payments		180,841
Less current portion		(109,438)
Non-current portion of lease liabilities	$	71,403

Right-of-use assets were recognized on the adoption of IFRS 16 on January 1, 2019. The information on the right-of-use assets by type of the Company's leasing activities is as follows:

		Office space, Vancouver		Office space, Watson Lake		Trailer camp		Total
Cost:								
Net capital leases, December 31, 2018	$	-	$	-	$	482,350	$	482,350
Lease liabilities (IFRS 16)		211,025		16,269		-		227,294
Prepaid expenses (IFRS 16)		41,300		6,500		-		47,800
Balance, January 1, 2019 and December 31, 2019		252,325		22,769		482,350		**757,444**
Accumulated depreciation:								
Opening balance, January 1, 2019	$	-	$	-	$	86,350	$	86,350
Depreciation		73,850		21,018		88,000		182,868
Balance, December 31, 2019		73,850		21,018		174,350		**269,218**
Net book value:								
Adjusted Balance, January 1, 2019	$	252,325	$	22,769	$	396,000	$	671,094
Balance, December 31, 2019	**$**	**178,475**	**$**	**1,751**	**$**	**308,000**	**$**	**488,226**

12. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance, December 31, 2017	**$**	**-**
Liability incurred on flow-through shares issued		1,658,228
Settlement of flow-through share liability on expenditures incurred		(1,658,228)
Balance, December 31, 2018	**$**	**-**
Liability incurred on flow-through shares issued		1,928,000
Settlement of flow-through share liability on expenditures incurred		(1,388,160)
Balance, December 31, 2019	**$**	**539,840**

13. SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of Class A Common Shares (a "Common Share") without par value, an unlimited number of Class B Common Shares without par value, an unlimited number of Class C Redeemable Preferred Shares without par value, and an unlimited number of Class D Redeemable Preferred Shares without par value. As at December 31, 2019, there were 156,983,720 Class A Common Shares, no Class B Common Shares, no Class C Redeemable Preferred Shares, and no Class D Redeemable Preferred Shares issued and outstanding.

a) Capital Stock

In July 2019, the Company completed a private placement and issued 11,600,000 charity flow-through common shares at a price of $0.45 per share, 7,000,000 traditional flow-through common shares at a price of $0.38 per share, and 4,500,000 non-flow-through common shares at a price of $0.32 per share for aggregate gross proceeds of $9.32 million. The Company paid cash commissions of $470,951 and $62,134 in other share issue costs. In addition, 52,632 shares with a value of $20,526 were issued for finders' fees. Finders were issued a total of 427,140 share purchase warrants with a two-year term. 102,840 warrants have an exercise price of $0.38 and 324,300 warrants have an exercise price of $0.32. The finders' warrants were valued at $70,557.

During the year ended December 31, 2019, the Company:

- Issued 625,000 Class A common shares for proceeds of $107,000 related to the exercise of stock options;
- Issued 950,000 Class A common shares valued at $218,500 related to the purchase of the Reef Property (Note 10);
- Issued 600,000 Class A common shares valued at $117,000 to eliminate an outstanding royalty on the Brewery Creek Property (Note 10); and
- Issued 1,000,000 Class A common shares as consideration for $200,000 in outstanding accounts payable. A loss on debt settlement of $170,000 was recorded as the Company's share price appreciated significantly between the time the deal was signed and the shares were issued.

In February 2018, the Company completed a financing by way of short form prospectus. A total of 9,212,378 flow-through units (the "Flow-Through Units) at a price of $0.91 per Flow-Through Unit were sold for aggregate gross proceeds of $8,383,264. Each Flow-Through Unit consists of one Class A common share and one-half of one (non-flow-through) Common Share purchase warrant, exercisable at $1.00 per Common Share. The Company paid a 7.0% commission ($586,828), $309,344 in other fees and issued 460,618 share purchase warrants to the Underwriter valued at $142,792. The Underwriter's warrants are exercisable into Common Shares at a price of $0.91 per Common Share, for a period of two years from the closing date.

During the year ended December 31, 2018, the Company:

- Issued 647,500 Class A common shares for proceeds of $188,175 related to the exercise of stock options;
- Issued 26,323,000 Class A common shares for proceeds of $5,291,630 related to the exercise of warrants;
- Issued 100,000 Class A common shares valued at $68,000 related to the purchase of the Reef Property; and
- Repurchased 100,000 Class A common shares for $25,133 under a normal course issuer bid.

(Expressed in Canadian dollars)

13. SHARE CAPITAL (CONT'D)

b) Stock Options

The Company has a stock option plan under which directors, officers, employees, management and consultants of the Company are eligible to receive stock options. The maximum number of common shares issuable pursuant to the exercise of outstanding options granted under the plan is 10% of the issued shares of the Company at the time of granting the options. The maximum number of stock options granted to any one optionee in a 12-month period may not exceed 5% of the outstanding common shares of the Company. Options granted under the plan may not exceed a term of ten years and vest at terms determined by the directors at the time of grant. The exercise price, expiry date, and vesting term of each option is determined by the directors at the time of grant, provided that the exercise price may not be less than the price permitted by the policy or policies of the stock exchange(s) on which the Company's common shares are then listed.

During the year ended December 31, 2019, the Company recognized stock-based compensation related to options of $599,020 (2018 - $1,032,508) in general and administrative expenses. The weighted average fair value of options granted during the year ended December 31, 2019 was $0.33 (2018 - $0.26) per share. The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	December 31, 2019	December 31, 2018
Risk-free interest rate	1.35%	2.02%
Expected life of option	3.4 years	3.0 years
Expected dividend yield	0%	0%
Expected stock price volatility	78.28%	92.32%

Stock option transactions are summarized as follows:

	Outstanding Options	Weighted Average Exercise Price
Balance, December 31, 2017	**6,134,500**	**$ 0.73**
Granted	3,855,000	0.51
Exercised	(647,500)	0.29
Forfeited	(1,439,500)	0.83
Balance, December 31, 2018	**7,902,500**	**$ 0.64**
Granted	2,820,000	0.33
Exercised	(625,000)	0.17
Forfeited	(2,637,500)	0.66
Balance, December 31, 2019	**7,460,000**	**$ 0.55**
Exercisable, December 31, 2019	**5,180,000**	**$ 0.63**

(Expressed in Canadian dollars)

13. SHARE CAPITAL (CONT'D)

b) Stock Options (cont'd)

As at December 31, 2019, incentive stock options were outstanding as follows:

Expiry Date	Outstanding Options	Exercise Price ($)
January 20, 2020 *	85,000	0.99
March 21, 2020 *	385,000	1.60
March 21, 2020 *	30,000	1.41
May 4, 2020	25,000	1.27
August 29, 2020	50,000	1.60
August 29, 2020	60,000	0.75
August 29, 2020	75,000	0.42
August 29, 2020	100,000	0.37
September 13, 2020	15,000	0.90
September 30, 2020	700,000	0.91
October 20, 2020	35,000	0.85
December 4, 2020	40,000	0.64
February 26, 2021	680,000	0.75
April 21, 2021	120,000	0.49
June 20, 2021	830,000	0.42
July 17, 2021	60,000	0.42
July 25, 2021	30,000	0.42
September 7, 2021	1,480,000	0.42
February 20, 2022	100,000	0.26
June 1, 2022	60,000	0.20
June 17, 2022	150,000	0.185
July 11, 2022	70,000	0.36
August 15, 2022	1,530,000	0.37
September 12, 2022	250,000	0.37
February 20, 2024	500,000	0.26
	7,460,000	**0.55**

* Expired unexercised subsequent to December 31, 2019.

(Expressed in Canadian dollars)

13. SHARE CAPITAL (CONT'D)

b) Stock Options (cont'd)

As at December 31, 2018, incentive stock options were outstanding as follows:

Expiry Date	Outstanding Options	Exercise Price ($)
February 25, 2019	575,000	0.17
May 24, 2019	210,000	0.43
June 3, 2019	1,440,000	0.66
July 20, 2019	15,000	0.82
August 10, 2019	92,500	0.91
October 7, 2019	330,000	0.69
October 11, 2019	15,000	0.72
October 14, 2019	25,000	0.80
October 19, 2019	5,000	0.75
November 9, 2019	10,000	0.77
November 23, 2019	20,000	0.56
January 20, 2020	85,000	0.99
March 21, 2020	435,000	1.60
March 21, 2020	60,000	1.41
May 4, 2020	25,000	1.27
August 18, 2020	40,000	1.16
September 1, 2020	50,000	1.08
September 13, 2020	15,000	0.90
September 30, 2020	700,000	0.91
October 20, 2020	35,000	0.85
December 4, 2020	40,000	0.64
February 26, 2021	840,000	0.75
April 21, 2021	120,000	0.49
June 20, 2021	830,000	0.42
July 17, 2021	60,000	0.42
July 25, 2021	30,000	0.42
September 7, 2021	1,800,000	0.42
	7,902,500	**0.64**

(Expressed in Canadian dollars)

13. SHARE CAPITAL (CONT'D)

c) Warrants

During the year ended December 31, 2019, the Company issued:

- 102,840 finders' warrants with a fair value of $0.15 per warrant and 324,300 finders' warrants with a fair value of $0.17 per warrant in connection with the financing; and
- 450,000 warrants with a fair value of $54,000 related to the purchase of the Reef Property (Note 10).

During the year ended December 31, 2018, the Company issued:

- 4,606,189 warrants to subscribers of the financing;
- 460,618 finders' warrants with a fair value of $0.31 per warrant in connection with the financing;
- 100,000 warrants with a fair value of $0.25 per warrant for the acquisition of the Reef property; and
- 1,274,000 warrants upon the exercise of 1,274,000 finders' warrants issued as part of a previous financing. These finders' warrants were exercisable into one common share and one purchase warrant entitling the holder to purchase one additional common share at a price of $0.21 until May 24, 2018.

The fair value of the warrants granted was estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	December 31, 2019	December 31, 2018
Risk-free interest rate	1.51%	1.82%
Expected life of option	3.0 years	2.2 years
Expected dividend yield	0%	0%
Expected stock price volatility	79.63%	89.56%

Share purchase warrant transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2017	**35,921,544**	**0.45**
Granted	6,440,807	0.85
Exercised	(26,323,000)	0.20
Expired	(10,220,982)	1.00
Balance, December 31, 2018	**5,818,369**	**1.05**
Granted	877,140	0.37
Expired	(251,562)	1.60
Balance, December 31, 2019	**6,443,947**	**0.93**

(Expressed in Canadian dollars)

13. SHARE CAPITAL (CONT'D)

c) Warrants (cont'd)

At December 31, 2019, warrants were outstanding as follows:

Expiry Date	Outstanding Warrants	Exercise Price ($)
February 13, 2020 *	4,606,189	1.00
February 13, 2020 *	460,618	0.91
March 23, 2020 *	100,000	1.59
December 21, 2020	300,000	1.00
February 2, 2021	100,000	2.00
April 1, 2023	450,000	0.40
July 24, 2021	324,300	0.32
July 24, 2021	102,840	0.38
	6,443,947	**0.93**

*Expired unexercised subsequent to December 31, 2019.

At December 31, 2018, warrants were outstanding as follows:

Expiry Date	Outstanding Warrants	Exercise Price ($)
March 14, 2019	251,562	1.60
February 13, 2020	4,606,189	1.00
February 13, 2020	460,618	0.91
March 23, 2020	100,000	1.59
December 21, 2020	300,000	1.00
February 2, 2021	100,000	2.00
	5,818,369	**1.05**

14. EXPLORATION EXPENSES

	2019	2018
Personnel	$ 2,293,194	$ 3,836,878
Drilling	1,631,576	2,737,326
Logistics and support	1,780,867	2,059,825
Field and general	1,121,908	1,394,056
Depreciation	925,119	664,680
Helicopter and airplane	39,223	643,407
Community and environment	316,534	591,238
Geochemistry and metallurgy	444,059	499,091
Geophysics	83,978	23,974
Engineering and tech studies	301,198	-
Cost recoveries	(1,182,208)	(656,066)
	$ 7,755,448	**$ 11,794,409**

(Expressed in Canadian dollars)

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Office and insurance	$ 1,128,687	$ 1,492,937
Share-based compensation	599,020	1,032,508
Travel, shareholder relations and promotion	580,800	779,362
Professional fees	214,977	162,131
Regulatory & compliance	66,214	73,067
Consulting fees	13,133	12,000
Depreciation	96,857	2,842
	$ 2,699,688	**$ 3,554,847**

16. SUPPLEMENTAL CASH FLOW INFORMATION

	Notes	2019	2018
Net change in non-cash working capital			
Accounts receivable	4	$ 166,656	$ (152,793)
Prepaid expenses and deposits		(74,874)	28,524
Accounts payable and accrued liabilities		1,016,732	(445,899)
Inventories	5	136,623	(163,812)
Due from associate	17	(62,946)	(117)
		1,182,191	**$ (734,097)**
Non-cash financing and investing activities			
Flow-through share premium liability	12	$ 1,928,000	$ 1,658,228
Exercise of stock options	13	61,500	153,114
Shares issued for property acquisition	10	218,500	68,000
Shares issued for debt settlement	10	370,000	-
Warrants issued for property acquisition	10	54,000	25,000
Shares received for mineral properties	10	308,750	-
Shares issued for royalty repurchase	10	117,000	-
Finder's warrants issued	13	70,557	142,792
		$ 3,128,307	**$ 2,047,134**

(Expressed in Canadian dollars)

17. RELATED PARTY TRANSACTIONS

a) Key management compensation

During the year ended December 31, 2019 the compensation paid or payable to key management (Officers and Directors) for management services provided was as follows:

		2019		2018
Salary and management fees	$	520,666	$	558,666
Stock-based compensation		324,441		570,349
	$	**845,107**	**$**	**1,129,015**

b) Other transactions

During the year ended December 31, 2019, the Company recovered $83,000 (2018 - $84,000) from Taku, an associated company, for Taku's share of rent and office salaries.

During the year ended December 31, 2019, the Company sold $25,896 (2018 - $41,568) gold bars and coins to directors and officers of the Company.

c) Balances outstanding

There was $25,994 due to officers of the Company in accounts payable and accrued liabilities at December 31, 2019 (2018 - $5,681) and $8,321 (2018 - $Nil) was prepaid to a director of the Company for travel expenses.

There was $66,306 due from Taku in accounts receivable at December 31, 2019 (2018 - $3,360).

18. INCOME TAXES

The Company has recorded $Nil current and deferred tax expense for the years ended December 31, 2019 and 2018.

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

		2019		2018
Net loss for the year	**$**	**(9,235,501)**	**$**	**(**16,678,005**)**
Canadian federal and provincial income tax rates		27%		27%
Expected income tax (recovery)		(2,494,000)		(4,503,000)
Permanent differences		173,000		320,000
Impact of flow-through shares		2,129,000		2,264,000
Tax effect of flow-through premium recognized in income		(375,000)		(448,000)
Impact of future income tax rates applied versus current statutory rate		-		-
Share issue costs		(144,000)		(242,000)
True up of prior year provision to statutory tax returns		(219,000)		1,499,000
Change in unrecognized deductible temporary differences and other		930,000		1,110,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

(Expressed in Canadian dollars)

18. INCOME TAXES (CONT'D)

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2019	2018
Deferred tax assets (liabilities)		
Share issue costs	$ 500,000	$ 595,000
Allowable capital losses	2,142,000	2,129,000
Non-capital losses available for future periods	8,674,000	7,816,000
Property and equipment	1,128,000	670,000
Canadian eligible capital	130,000	130,000
Exploration and evaluation assets	11,876,000	12,240,000
Marketable securities	57,000	(2,000)
Unrecognized deferred tax assets	**$ 24,507,000**	**$ 23,578,000**

$32.12 million (2018 - $28.9 million) of non-capital losses expire between 2027 to 2039. $1.8 million in other temporary differences (2018 - $2.2 million) expire in 2023. Resource pools of $41.2 million (2018 - $45.5 million) and other temporary differences of $12.8 million (2018 - $7.9 million) have no expiry date.

19. FINANCIAL INSTRUMENTS

Financial instruments include cash and any contract that give rise to a financial asset to one party and a financial liability or equity instrument to another party. The Company's cash and cash equivalents, accounts receivable, due from associate, and reclamation bonds are categorized as financial assets measured at amortized cost. Marketable securities and the derivative asset are categorized as assets measured at fair value through profit and loss. The Company's accounts payable and accrued liabilities and lease liabilities are categorized as financial liabilities measured at amortized cost.

The three levels of the fair value hierarchy are:

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

As at December 31, 2019 and 2018, the Company's marketable securities are based on level 1 inputs of the fair value hierarchy, and the derivative asset is based on level 3 inputs of the fair value hierarchy. Marketable securities values are based on the closing trading price of the shares on public stock exchanges at the period-end date. The fair value of the derivative asset was estimated using the Black-Scholes model with the assumptions disclosed in Note 7.

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments. The carrying amounts of the reclamation bonds and lease liabilities are considered to be reasonable approximations of their fair values due to their contractual interest rates being comparable to current market interest rates.

19. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management

Market risk

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

Foreign exchange risk

The Company operates mainly in Canada, but a small portion of the Company's financial assets and liabilities are denominated in US dollars. The Company does not undertake currency hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivables and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash held in bank accounts with a major Canadian financial institution. Accounts receivable consist primarily of trade receivables from the sale of gold bars and coins and of goods and services tax receivable from the Canadian government. Reclamation bonds consist of guaranteed investment certificates with a major Canadian financial institution. Management believes the risk of credit loss to be minimal.

Interest rate risk

Interest rate risk mainly arises from the Company's cash and cash equivalents and reclamation bonds, which receive interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are not significant. The Company's borrowings are at fixed rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favorable. As at December 31, 2019, the Company had a working capital deficiency of $396,339 (2018 – working capital of $521,676).

The following tables detail the Company's expected remaining contractual cash flow requirements for its financial liabilities on repayment or maturity periods. The amounts presented are based on the contractual undiscounted cash flows and may not agree with the carrying amounts on the Statements of Financial Position.

(Expressed in Canadian dollars)

19. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

As at December 31, 2019		Up to 1 year		1-5 years		Total
Accounts payable and accrued liabilities	$	2,346,180	$	-	$	2,346,180
Finance lease obligation		109,438		71,403		180,841
	$	**2,455,618**	**$**	**71,403**	**$**	**2,527,021**

As at December 31, 2018		Up to 1 year		1-5 years		Total
Accounts payable and accrued liabilities	$	1,699,448	$	-	$	1,699,448
Finance lease obligation		175,238		33,923		209,161
	$	**1,874,686**	**$**	**33,923**	**$**	**1,908,609**

Price risk

The Company is exposed to price risk with respect to equity and commodity prices. Equity price risk is the risk of loss associated with movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is the risk of loss associated with commodity price movements.

The Company closely monitors individual equity movements, the stock markets and commodity prices to determine appropriate actions to be taken by the Company. The Company has investments in certain publicly traded companies (marketable securities), and there can be no assurance that the Company can exit these positions if required, so there is a risk that proceeds may not approximate the carrying value of these investments. A 10% fluctuation in the price of the Company's marketable securities would increase or decrease loss and comprehensive loss by $5,403 at December 31, 2019 (2018 - $21,512). A 10% fluctuation in the price of gold could increase or decrease loss and comprehensive loss by $77,152 at December 31, 2019 (2018 - $90,815).

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable level of risk. In the management of capital, the Company includes components of shareholders' equity. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents, short term investments and marketable securities.

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the years ended December 31, 2019 and 2018.

20. COMMITMENTS

At December 31, 2019, the Company's non-lease commitments include:

a) On January 28, 2013, the Company entered into an Exploration Memorandum of Understanding (the "MOU") with Kaska Nation represented by the Ross River Dena Council and Liard First Nation regarding exploration activity in their traditional territory. Under the MOU, the Company will pay an annual Community Development fee of 2% of "on the ground" exploration expenditures, expenditures incurred for on-site exploration activities undertaken to determine the extent, geometry and grade of target mineral deposits.

b) An Amended and Restated Socio-Economic Accord for the Brewery Creek Project was entered into with the Tr'ondëk Hwëch'in First Nation in September 2012. Key aspects of the Socio-Economic Accord include the Company's commitment in respect of training and scholarships, and the annual community legacy project grant, amounting to $60,000 per annum while the mine is operating.

21. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2019:

a) The Company replaced its Brewery Creek reclamation deposit, totaling $455,163, with a surety bond making those funds available for general corporate purposes.

b) The Company entered into an agreement with Seabridge Gold Corp.("Seabridge") for the sale of a 100% interest in the 3 Aces gold project (Note 10) for 300,000 Seabridge common shares, contingent future payments totaling $2.25 million and a 0.5% net smelter return royalty on the entire 3 Aces project. The Company received $263,000 from Seabridge for reimbursement of previously incurred expenses. Closing of the transaction is subject to completion of due diligence by Seabridge and the approval of the applicable stock exchanges.

c) The Company signed a Letter of Intent ("LOI") with Enviroleach Technologies Inc. (CSE: ETI) and enCore Energy Corp. (TSX-V: EU) to establish Group 11 Technologies Inc. a US-based technology firm focused on non-invasive extraction technology. Pursuant to the terms of the LOI, Golden Predator will own an initial 20% interest in the project and contribute mobile processing equipment and its expertise in utilizing the environmentally friendly solution for recovery of gold, as demonstrated by the successful test work at the 3 Aces project.

d) The Company has filed a preliminary short form prospectus with respect to a marketed offering of 11,200,000 units at a price of 25 cents per unit (" Offering"). Each unit consists of one Class A common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable for one common share at an exercise price of 35 cents for 36 months following the completion of the Offering. Warrants are subject to acceleration of the expiry date to 30 calendar days upon notice provided to the warrant holder by the Company in the event that the volume-weighted average price of the common shares is equal to or higher than 75 cents for a period of five consecutive trading days on the TSX Venture Exchange or other Canadian stock exchange on which the common shares are principally traded.

21. SUBSEQUENT EVENTS (CONT'D)

The Offering is expected to close on or about May 12, 2020, and is subject to certain conditions, including, but not limited to, the receipt of regulatory approvals and the approval of the TSX Venture Exchange.

e) 500,000 stock options were granted to directors and officer of the Company at an exercise price of $0.25 per common share, exercisable for a period of 3 years until April1, 2023. These options will vest over a 24 month period, with 25% of the options vesting in six months and an additional 25% vesting every six month thereafter.

f) 125,000 stock options were granted to employees of the Company at an exercise price of $0.37 per common share, exercisable for a period of 3 years until January 8, 2023. 41,250 of these options were forfeited subsequently. The remaining 83,750 stock option will vest over a 24 month period.

g) Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. 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.

Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. These events may restrict our operations and limit our ability to raise capital. The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.