Consolidated Financial Statements

AVIDIAN GOLD CORP.

For the years ended June 30, 2020 and 2019

(Expressed in US dollars)

Independent Auditor's Report

To the Shareholders of Avidian Gold Corp.

Opinion

We have audited the consolidated financial statements of Avidian Gold Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows 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 June 30, 2020 and 2019, 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. 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.

Other information

Management is responsible for the other information. The other information comprises 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 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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.

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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 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 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 judgement 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 risks 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.

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 of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
October 16, 2020

AVIDIAN GOLD CORP.
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AVIDIAN GOLD CORP.
Consolidated Statements of Financial Position
As at June 30, 2020 and 2019
(Expressed in US Dollars)

	2020	2019
	$	$
Assets		
Current		
Cash	**927,739**	754,186
Amounts receivable and prepaids	**107,056**	36,790
Total current assets	**1,034,795**	790,976
Non-current assets		
Equipment (Note 6)	**98,612**	123,646
Mineral exploration interests (Note 5)	**-**	497,813
Total assets	**1,133,407**	1,412,435
Liabilities		
Current		
Trade payables and accrued liabilities (Note 11)	**165,650**	516,188
Total current liabilities	**165,650**	516,188
Non-current liabilities		
Warrant liability (Note 8)	**175,968**	62,390
Convertible debenture (Note 13)	**434,084**	315,496
Total liabilities	**775,702**	894,074
Shareholders' Equity		
Issued capital (Note 7(b))	**12,340,136**	10,264,689
Share-based payment reserve (Note 7(c))	**1,080,303**	778,217
Deficit	**(13,296,856)**	(10,580,179)
Equity attributable to shareholders of the Corporation	**123,583**	462,727
Non-controlling interest (Note 9)	**234,122**	55,634
Total equity	**357,705**	518,361
Total liabilities and shareholders' equity	**1,133,407**	1,412,435

NATURE OF BUSINESS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 14, 16 and 17)
SUBSEQUENT EVENTS (Note 17)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by David C. Anderson, Director

Original signed by Dino Titaro, Director

See accompanying notes to the consolidated financial statements

AVIDIAN GOLD CORP.
Consolidated Statements of Operations and Comprehensive Loss
Years ended June 30, 2020 and 2019
(Expressed in US Dollars)

	2020	2019
	$	$
Operating Expenses		
Exploration and evaluation expenditures (Note 14)	**1,791,357**	2,088,594
General and administrative (Note 12)	**501,024**	562,296
Convertible debenture interest (Note 13)	**68,070**	45,667
Accretion (Note 13)	**72,674**	65,365
Share-based compensation (Note 7(c))	**284,864**	711,661
Net (loss) before other gains (losses)	**(2,717,989)**	(3,473,583)
Foreign exchange gains (losses)	**(90,197)**	15,787
Write-down of mineral exploration interest (Note 5)	**(497,813)**	-
Unrealized gain on warrant revaluation (Note 8)	**1,980**	1,119,516
Unrealized gain on conversion feature (Note 13)	**7,592**	836,015
Total other gains (losses)	**(578,438)**	1,971,318
Net loss and comprehensive loss for the year	**(3,296,427)**	(1,502,265)
Net loss and comprehensive loss attributable to:		
Shareholders of the Corporation	**(2,747,031)**	(1,487,581)
Non-controlling interest (Note 9)	**(549,396)**	(14,684)
Net loss and comprehensive loss for the year	**(3,296,427)**	(1,502,265)
Net loss per share - basic and diluted (Note 10)	**(0.03)**	(0.03)
Weighted average number of shares outstanding - basic and diluted (Note 10)	**87,049,733**	56,810,451

See accompanying notes to the consolidated financial statements

AVIDIAN GOLD CORP.
Consolidated Statements of Change in Shareholders' Equity
Years ended June 30, 2020 and 2019
(Expressed in US Dollars)

	Number of shares	Share capital	Share-Based Payment Reserve	Deficit	Equity attributable to shareholders of the Corporation	Non-controlling interest	Total Equity
		$	$	$	$	$	$
Balance - June 30, 2018	**56,030,756**	**9,302,284**	**103,795**	**(9,299,904)**	**106,175**	**-**	**106,175**
Non-controlling interest on acquisition	-	-	-	207,306	207,306	70,318	277,624
Net loss and comprehensive loss for the year	-	-	-	(1,487,581)	(1,487,581)	(14,684)	(1,502,265)
Rights issue, net of issue costs (Note 7(b))	5,285,962	420,448	-	-	420,448	-	420,448
Options exercised (Note 7(c))	130,000	97,627	(37,239)	-	60,388	-	60,388
Shares issued on debenture conversion	2,304,145	319,330	-	-	319,330	-	319,330
Share-based compensation (Note 7(c))	-	-	711,661	-	711,661	-	711,661
Shares issued for property acquisition (Note 14)	400,098	125,000	-	-	125,000	-	125,000
Balance - June 30, 2019	**64,150,961**	**10,264,689**	**778,217**	**(10,580,179)**	**462,727**	**55,634**	**518,361**
Non-controlling interest on acquisition	-	-	-	30,354	30,354	727,884	758,238
Net loss and comprehensive loss for the year	-	-	-	(2,747,031)	(2,747,031)	(549,396)	(3,296,427)
Private placement, net of issue costs (Note 7(b))	28,780,768	2,072,597	17,222	-	2,089,819	-	2,089,819
Value of warrants issued under private placement (Note 8)	-	(122,150)	-	-	(122,150)	-	(122,150)
Share-based compensation (Note 7(c))	-	-	284,864	-	284,864	-	284,864
Shares issued for property acquisition (Note 14)	1,471,170	125,000	-	-	125,000	-	125,000
Balance - June 30, 2020	**94,402,899**	**12,340,136**	**1,080,303**	**(13,296,856)**	**123,583**	**234,122**	**357,705**

See accompanying notes to the consolidated financial statements

AVIDIAN GOLD CORP.
Consolidated Statements of Cash Flows
Years ended June 30, 2020 and 2019
(Expressed in US Dollars)

	2020	2019
	$	$
Operating activities		
Net loss for the year	**(3,296,427)**	(1,502,265)
Items not involving cash:		
Amortization (Note 6)	**25,034**	30,972
Accretion	**72,674**	65,365
Convertible debenture accrued interest	**68,070**	-
Unrealized foreign exchange loss (gain)	**32,895**	(5,941)
Unrealized (gain) loss on warrant revaluation	**(1,980)**	(1,119,516)
Unrealized (gain) loss on conversion feature	**(7,592)**	(836,015)
Shares issued for property acquisition - Golden Zone	**125,000**	125,000
Shares issued for property acquisition - Labrador West	**692,771**	-
Shares issued for property acquisition - Black Raven	**11,416**	7,450
Write-down of mineral exploration interest	**497,813**	-
Share-based compensation	**284,864**	711,661
	(1,495,462)	(2,523,289)
Changes in non-cash working capital		
(Increase) decrease in amounts receivable and prepaids	**(70,266)**	64,327
(Decrease) increase in trade payables and accrued liabilities	**(350,538)**	10,760
Change in non-cash operating working capital	**(420,804)**	75,087
Net cash flows from operating activities	**(1,916,266)**	(2,448,202)
Financing activities		
Proceeds from issuance of shares (Note 7(b))	**2,172,055**	442,838
Share issue costs	**(82,236)**	(22,390)
Proceeds from issuance of convertible debentures	**-**	529,796
Proceeds from issuance of subsidiary shares	**-**	270,174
Exercise of stock options (Note 7(c))	**-**	60,388
Net cash flows from financing activities	**2,089,819**	1,280,806
Increase (decrease) in cash	**173,553**	(1,167,396)
Cash, beginning of year	**754,186**	1,921,582
Cash, end of year	**927,739**	754,186

See accompanying notes to the consolidated financial statements

1. DESCRIPTION OF BUSINESS AND GOING CONCERN

Avidian Gold Corp. ("Avidian" or the "Corporation") was incorporated by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on September 24, 2013. On January 16, 2020 at the Annual and Special Meeting of Shareholders, the Shareholders were asked to pass the following special resolutions: a) to make application for a Certificate of Continuance under the Ontario Business Corporations Act and b) to pass a special resolution to amend the articles of the Corporation, changing the Province in which the registered office is situated from the Province of British Columbia to the Province of Ontario. Both special resolutions were passed. The registered head office of the Corporation is located at 18 King Street East, Suite #902, Toronto, Ontario, M5C 1C4.

Avidian is in the business of acquiring and exploring gold projects. As of June 30, 2020, the Corporation has acquired the rights to explore three gold properties in the United States of America and has majority ownership of High Tide Resources Corp. which holds the right to explore two properties in Newfoundland, Canada.

The consolidated financial statements of the Corporation for the year ended June 30, 2020 were reviewed, approved and authorized for issue by the Board of Directors October 16, 2020. Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Corporation's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and currency exchange fluctuations and restrictions.

The Corporation's property interests are at an early stage of exploration and, in common with many exploration companies, it raises financing for its exploration and appraisal activities in discrete tranches. The Corporation has incurred a loss for the year ended June 30, 2020 attributable to shareholders of the Corporation of $2,747,031, and has an accumulated deficit of $13,296,856. Subsequent to June 30, 2020, the Corporation completed private placements for total proceeds of CDN$3,700,000 (US$2,715,060). See Note 17. Management believes it has sufficient working capital to support planned operations for the next 12 months.

Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future, or available under terms acceptable to the Corporation. In the event that the Corporation is unable to secure further financing, it may not be able to complete the development of a gold, copper and other mineral projects.

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Corporation's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop gold, copper and other mineral projects and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern, and such adjustments may be material.

1. DESCRIPTION OF BUSINESS AND GOING CONCERN (continued)

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. Its impact on global economies has been far-reaching and business around the world 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 significant volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on the Corporation's financial position and results, exploration activities, workers, partners, consultants, suppliers and on global financial markets. Almost all of Avidian's personnel work from home and the Corporation continues to manage its affairs via virtual business platforms.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Corporation and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Corporation's reporting for the year ended June 30, 2020.

Basis of presentation

These consolidated financial statements have been prepared on an accrual basis except for cash flow information. These consolidated financial statements are based on historical costs except for those financial instruments carried at fair value and, except where otherwise stated, do not take into account changing money values, fair values of assets and liabilities or recoverable amounts. The policies set out below have been consistently applied to all periods presented.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries. Subsidiaries consist of entities over which the Corporation is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Corporation and are deconsolidated from the date control ceases.

The financial statements include all assets, liabilities, revenues, expenses, and cash flow of the Corporation and its subsidiaries after eliminating inter-entity balances and transactions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as “non-controlling interests” in the equity section of the consolidated statement of financial position. Loss for the period that is attributable to non-controlling interests is calculated based on the ownership of the minority shareholders in the subsidiary.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The following companies have been consolidated within the consolidated financial statements:

Company	Registered	Principal activity
Avidian Gold Corp. ("Avidian")	British Columbia, Canada	Parent Company
Avidian Gold Inc. (1) ("Avidian Inc")	Ontario, Canada	Operating Company
Avidian Gold US Inc.(2) ("Avidian US")	Nevada, USA	Operating Company
Avidian Gold Alaska Inc.(2) ("Avidian Alaska US")	Alaska, USA	Operating Company
High Tide Resources Corp. (3) ("HTR Corp")	Ontario, Canada	Operating Company
Ferrum Exploration Corp. (4) ("Ferrum")	Ontario, Canada	Dormant Company
High Tide Resources Inc. (2) ("HTR")	Nova Scotia, Canada	Dormant Company

(1) 100% owned by Avidian Gold Corp.

(2) 100% owned by Avidian Gold Inc.

(3) 60% owned by Avidian Gold Corp. (June 30, 2019 – 73% owned by Avidian Gold Corp.)

(4) 100% owned by High Tide Resources Corp.

Presentation and functional currency

These consolidated financial statements are presented in United States (“US”) dollars. The functional currency is the currency of the primary economic environment in which a company is currently operating. In 2019, the functional currency of all entities in the group was US dollars. Effective July 1, 2019, the functional currency of HTR Corp. was determined to have changed to Canadian dollars as a result of a significant increase in Canadian dollar spending in that entity. This change has been accounted for prospectively. The functional currency of Ferrum, which was acquired by HTR Corp. in 2020, is also Canadian dollars. All other entities continued to have a functional currency of US dollars throughout 2020.

Critical accounting judgments and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation’s management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements.

Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Functional currency determination

The functional currency for the Corporation and its subsidiaries is the currency of the primary economic environment in which the entity operates. This has been determined to be the US dollar for all companies in the group other than HTR Corp. and Ferrum which have a functional currency of Canadian dollars.

Determination of functional currency is conducted through an analysis of the consideration factors identified in IAS 21 The Effects of Changes in Foreign Exchange Rates and may involve certain judgments to determine the primary economic environment. The Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment. Significant changes to those underlying factors could cause a change to the functional currency.

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence of significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Specifically the fair value of the conversion option component of the convertible debenture and warrant liability have significant measurement uncertainty. See Notes 8 and 13.

Share-based compensation

Management is required to make certain estimates when determining the fair value of the share-based compensation. These estimates affect the amount recognized as share-based compensation in the consolidated financial statements and are based on expected volatility and the expected lives of the underlying stock options.

Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Corporation's interpretation of current regulatory requirements, constructive obligations and are measured at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimation of decommissioning and restoration costs and the timing of expenditure (continued)

Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Impairment of mineral exploration interests

While assessing whether any indications of impairment exist for mineral exploration interests, consideration is given to both external and internal sources of information. Information the Corporation considers includes changes in the market, economic and legal environment in which the Corporation operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets.

Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Corporation's mining properties, costs to sell the properties and the appropriate discount rate.

Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Corporation's exploration interests.

Income, value added, withholding and other taxes

The Corporation is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Corporation's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

The determination of the Corporation's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Corporation's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingencies

See Note 16.

Cash

Cash in the consolidated statement of financial position comprises cash held in approved banks.

Financial instruments

Financial assets and liabilities

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Corporation determines the classification of financial assets at the time of initial recognition based on the Corporation's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Cash and other amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of operations and comprehensive loss.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations and comprehensive loss. The Corporation does not have any financial assets at FVPL or FVOCI.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Corporation has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Corporation does not measure any financial assets at FVOCI.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of operations and comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Corporation no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Corporation's only financial assets subject to impairment are other amounts receivable, which are measured at amortized cost. The Corporation has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due.

An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Corporation has opted to measure the financial liability at FVPL. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations and comprehensive loss. The Corporation's trade payables and accrued liabilities and the liability component of the convertible debentures are measured at amortized cost.

Subsequent measurement – Financial liabilities at FVPL
Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in the consolidated statements of operations. The Corporation's conversion option component of the convertible debentures and warrant liability are classified as financial liabilities at FVPL.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations and comprehensive loss.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of mineral exploration interests through a business combination, which are capitalized as mineral exploration interests.

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Amortization is recognized based on the cost of an item of equipment, over its estimated useful life. Amortization is calculated using the declining balance method at 20% per year.

An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, at each financial position reporting date. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Impairment of non-financial assets

At each reporting date the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss in the consolidated statements of operations and comprehensive loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

At the end of each reporting date, the Corporation assesses whether there is any indication that previously recognized impairment losses no longer exist. If such an indication exists, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined net of amortization or depreciation, had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

A provision is recognized in the consolidated statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from such contracts are lower than the unavoidable cost of meeting its obligations under the contracts.

Decommissioning, restoration and similar liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and included in profit or loss as extraction progresses.

Flow-through shares

The Corporation may, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource properties to investors.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares (continued)

On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the fair value of the Corporation's common shares is allocated to premium on flow-through shares liability. If renouncement is retrospective, the Corporation derecognizes the premium liability when the paperwork to renounce is filed. If the renouncement will occur at a future date, the Corporation derecognizes the premium liability as qualifying flow-through expenditures are incurred. The reduction to the premium liability in the period of renunciation is recognized through operations.

The Corporation may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the lookback rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is reflected as a financial expense.

Income taxes

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

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to taxes payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

To the extent that the Corporation does not consider it probable that a deferred tax asset will be recovered, it does not recognize any asset.

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

Management determines costs for share-based compensation using market-based valuation techniques. The fair value of the market-based and performance-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Equity-settled share-based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share capital note.

Equity-settled share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Compound financial instruments (debentures)

Compound financial instruments issued by the Corporation comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

Under IFRS, when the currency of the conversion price of the conversion option is different than the functional currency of the legal entity in which they were issued, the conversion option component is accounted for as a derivative liability.

For the Corporation's conversion option component that has an exercise price denominated in Canadian dollars, the conversion option component is accounted for as a derivative liability, which is measured at fair value using the Black-Scholes valuation model. The liability component of a compound financial instrument is recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the conversion option component.

Any directly attributable transaction costs are allocated to the liability and conversion option components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The conversion option component of a compound financial instrument is subsequently revalued every reporting period using market-based valuation techniques. Gains and losses from changes in fair value are recorded in the consolidated statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

The Corporation operates in a single reportable operating segment, namely the acquisition, exploration and development of gold projects.

Issued capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Warrant liability

Under IFRS, when the currency of the exercise price of non-share-based compensation warrants is different than the functional currency of the legal entity in which they were issued, the warrants are accounted for as a derivative warrant liability. For the Corporation's warrants that have an exercise price denominated in Canadian dollars, the issued Canadian dollar warrants are accounted for as a derivative warrant liability, which is measured at fair value each reporting period using the Black-Scholes valuation model. Gains and losses from changes in fair value are recorded in the consolidated statement of operations.

The Corporation measures the initial warrant liability and subsequent revaluations of the warrant liability by reference to the fair value of the warrants at the date at which they were granted and subsequently revalues them at each reporting date. Estimating fair value for these warrants requires management to determine the most appropriate valuation model. This estimate also requires management to make assumptions about the most appropriate inputs to the valuation model including estimated fair value of the Corporation's common shares, the expected life of the warrants, volatility and dividend yield.

Foreign currency translation

Foreign currency transactions are translated into the respective functional currencies of the Corporation and its subsidiaries 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 translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of operations.

The financial results and position of HTR Corp. and Ferrum, whose functional currency is different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on the translation of HTR Corp. and Ferrum are reported as a separate component of shareholders' equity titled "accumulated other comprehensive income".

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after July 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 3 – Business Combinations ("IFRS 3") was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

Accounting changes

During the year ended June 30, 2020, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRIC 23. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

3. CAPITAL MANAGEMENT

When managing capital, the Corporation's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of gold resource assets.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management team to sustain the future development of the business. The Corporation considers its capital to be equity, which comprises issued capital, share-based payment reserve and deficit, which at June 30, 2020, totaled $123,583 (2019 - $462,727).

3. CAPITAL MANAGEMENT (continued)

The Corporation invests all capital not required for its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with select major Canadian financial institutions.

The Corporation is currently attempting to identify an economic gold resource and as such, the Corporation is dependent on external financing to fund its activities. In order to carry out the planned acquisitions and exploration, as well as pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

a. maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
b. minimizing discretionary disbursements; and
c. exploring alternative sources of liquidity.

In light of the above, the Corporation will continue to assess new properties if the Corporation believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is appropriate. There were no significant changes in the Corporation's approach to capital management during the years ended June 30, 2020 and 2019.

4. FINANCIAL RISK FACTORS

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (specifically commodity price risk).

Risk management is carried out by the Corporation's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is attributable to cash. Cash is held with a reputable financial institution, from which management believes the risk of loss to be remote.

Included in amounts receivable is sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of June 30, 2020 and 2019. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal.

4. FINANCIAL RISK FACTORS (continued)

Liquidity risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations as they become due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation.

The Corporation generates cash flow primarily from its financing activities. As at June 30, 2020, the Corporation had cash of $927,739 (2019 - $754,186) to settle current liabilities of $165,650 (2019 - $516,188). The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance and liquidity.

All of the Corporation's current financial liabilities as at June 30, 2020 have contractual maturities of less than 30 days and are subject to normal trade terms. The Corporation's convertible debentures are due February 25, 2022. See Note 13.

Market risk

Interest rate risk

The Corporation has cash and cash equivalent balances subject to fluctuations in the prime rate. The Corporation's current policy is to invest excess cash in money market funds traded by its banking institutions.

The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as investments are short-term, and the Corporation currently does not carry interest bearing debt at floating rates.

Foreign currency risk

The Corporation primarily incurs expenditures in US dollars and Canadian dollars. As at June 30, 2020, the Corporation holds in cash the following amounts (reported in US$ currency) in Canadian ("CDN") and US funds respectively: $907,639 and $20,100 (2019 - $712,162 and $42,024) and has convertible debt with a face value of CDN$708,000 and accrued interest of CDN$120,196 at June 30, 2020 (2019 – CDN$708,000 and CDN$28,863).

Commodity price risk

The Corporation is exposed to price risk with respect to gold prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to gold price movements and volatilities. The Corporation closely monitors gold prices to determine the appropriate course of action to be taken by the Corporation.

(Expressed in US dollars – except where otherwise indicated)

4. FINANCIAL RISK FACTORS (continued)

Sensitivity analysis

As of June 30, 2020 and 2019, both the carrying and fair value amounts of the Corporation's current financial instruments are approximately equivalent due to their short-term nature. The sensitivity analysis shown in the notes below may differ materially from actual results. Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are reasonably possible for the year ended June 30, 2020:

(i) As at June 30, 2020, if foreign exchange rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended June 30, 2020 would have changed by $2,008 as a result of lower/higher foreign exchange gains and losses on funds held in foreign currencies and reported shareholders' equity would also not have changed by a material amount.

(ii) Commodity price risk could adversely affect the Corporation. In particular, the Corporation's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. As of June 30, 2020, the Corporation was not a gold producer. As a result, gold price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Corporation's liquidity and its ability to meet its ongoing obligations.

Fair value hierarchy and liquidity risk disclosure

The three levels of the fair value hierarchy are as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At June 30, 2020 and 2019, the Corporation did not hold any financial assets in the fair value hierarchy.

At June 30, 2020 and 2019, the fair value of the Corporation's financial liabilities held at fair value, the option component of convertible debenture and warrant liability, is based on Level 3 measurements. There were no transfers in or out of Level 3 during the years ended June 30, 2020 and 2019.

<u>Level 3 Hierarchy</u>

The key assumptions used in the valuation of the conversion option component of convertible debenture and warrant liability include (but are not limited to) the value at which a recent financing was done by the Corporation and share price volatility of comparable publicly traded companies.

(Expressed in US dollars – except where otherwise indicated)

4. FINANCIAL RISK FACTORS (continued)

Sensitivity analysis (continued)

For the conversion option component of convertible debenture and warrant liability valued based on market-based valuation technique, the inputs can be judgmental (See Note 13). A +/- 25% change in the fair value of these Level 3 liabilities as at June 30, 2020 will result in a corresponding +/- $96,667.

5. MINERAL EXPLORATION INTERESTS

HTR Corp. held a 100% interest in the Strickland Property located in southwest Newfoundland. During the year ended June 30, 2020, management has determined it will no longer pursue an exploration program on this property and as a result has recorded a write-down of $497,813.

6. EQUIPMENT

Cost	Equipment
Balance, June 30, 2018	$ 179,002
Additions	-
Balance, June 30, 2019	179,002
Additions	-
Balance, June 30, 2020	$ 179,002

Amortization and impairment	Equipment
Balance, June 30, 2018	$ 24,384
Amortization	30,972
Balance, June 30, 2019	55,356
Amortization	25,034
Balance, June 30, 2020	$ 80,390

Carrying amounts	
Balance, June 30, 2019	$ 123,646
Balance, June 30, 2020	**$ 98,612**

7. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares, with no par value.

(b) Issued

(i) On September 21, 2018, the Corporation issued 130,000 shares for the exercise of options. A director of the Corporation exercised the options. See Note 7(c).

(ii) On December 20, 2018, the Corporation issued 460,829 shares for the conversion of a CDN$50,000 convertible debenture. See Note 13.

(iii) On January 15, 2019, the Corporation issued 400,098 shares valued at CDN$0.414 (US$0.312) for a total value of CDN$165,826 (US$125,000) pursuant to the Golden Zone property agreement. See Note 14.

(iv) On May 22, 2019, the Corporation issued 1,843,316 shares for the conversion of CDN $200,000 convertible debentures. See Note 13.

(v) On June 26, 2019, the Corporation completed a rights offering for total gross proceeds of CDN$581,456 (US$442,838) through the issuance of 5,285,962 common shares offered at a price of CDN$0.11 (US$0.0837). Officers and directors of the Corporation subscribed for 1,825,764 common shares for gross proceeds of CDN$200,834.

(vi) On August 16, 2019, the Corporation closed a private placement for 20,480,768 common shares offered at a price of CDN$0.10 (US$0.075) per unit for total gross proceeds of CDN$2,048,077 (US$1,541,587). Officers and directors of the Corporation subscribed for 350,000 common shares for gross proceeds of $35,000.

(vii) On September 19, 2019, the Corporation's subsidiary, High Tide Resources Corp., issued 9,146,666 common shares valued at CDN$0.10 (US$0.075) per share for a total value of CDN$914,670 (US$692,771) as consideration for the assumption of the rights to the option to acquire 100% of the Labrador West iron ore project. See Note 14.

(viii) On December 20, 2019, the Company closed a non-brokered flow-through private placement to raise gross proceeds of $830,000 (US$630,468). The offering consisted of the issuance of 8,300,000 units ("Unit") of the Company. Each Unit was offered at a price of CDN$0.10 ($0.076) and consisted of one common share and one-half share purchase warrant, with each whole warrant exercisable at a price of CDN$0.15 per common share if exercised within 24 months of the closing of the offering. Officers and directors of the Company subscribed for 850,000 Units for gross proceeds of CDN$85,000.

(ix) In December 2019, the Corporation subscribed for 8,300,000 flow-through shares of the subsidiary, High Tide Resources Corp., offered at a price of CDN$0.10 (US$0.076) per share for total gross proceeds of CDN$830,000 (US$630,468).

(x) In December 2019, the Corporation subscribed for 750,000 common shares of the subsidiary, High Tide Resources Corp., offered at a price of CDN$0.10 (US$0.076) per share for total gross proceeds of CDN$75,000 (US$56,970).

(xi) On January 15, 2020, the Corporation issued 1,471,170 shares valued at CDN$0.111 (US$0.085) for a total value of CDN$163,125 (US$125,000) pursuant to the Golden Zone property agreement. See Note 14.

7. SHARE CAPITAL (continued)

(c) Share-based payment reserve

On August 15, 2018, the Corporation granted 4,015,000 stock options to officers, directors, and consultants of the Corporation to purchase 4,015,000 common shares of the Corporation at an exercise price of CDN$0.60 (US$0.4635) per share expiring on August 15, 2023. The options were valued using the Black-Scholes pricing model with an expected volatility of 125%, an expected dividend yield of 0%, an expected life of 5 years and a risk-free rate of 2.19%. A total of 1,865,000 of these stock options vested immediately.

The remaining 2,150,000 stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant. Share-based compensation expense of $79,473 was recorded in the year ended June 30, 2020. During the year ended June 30, 2019 a director exercised 130,000 options for total cash proceeds of $60,388.

On August 15, 2018, the Corporation granted 125,000 stock options to a consultant of the Corporation to purchase 125,000 common shares of the Corporation at an exercise price of CDN $0.60 (US $0.4635) per share expiring on August 15, 2021. The options were valued using the Black-Scholes pricing model with an expected volatility of 125%, an expected dividend yield of 0%, an expected life of 3 years and risk-free rate of 2.19%. The stock options vest in equal one-quarter tranches immediately, and on the first, second and third quarter following the date of grant. Share-based compensation expense of $1,086 was recorded in the year ended June 30, 2020.

On November 15, 2018, the Corporation granted 150,000 stock options to a director of the Corporation to purchase 150,000 common shares of the Corporation at an exercise price of CDN$0.60 (US$0.4635) per share expiring on November 15, 2023. The options were valued using the Black-Scholes pricing model with an expected volatility of 125%, an expected dividend yield of 0%, an expected life of 5 years and a risk-free rate of 2.31%. The stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant. Share-based compensation expense of $14,281 was recorded in the year ended June 30, 2020.

On February 4, 2019, the Corporation granted 100,000 stock options to an officer of the Corporation to purchase 100,000 common shares of the Corporation at an exercise price of CDN$0.40 (US$0.299) per share expiring on February 4, 2024. The options were valued using the Black-Scholes pricing model with an expected volatility of 125%, an expected dividend yield of 0%, an expected life of 5 years and a risk-free rate of 2.31%. The stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant. Share-based compensation expense of $8,625 was recorded in the year ended June 30, 2020.

On August 26, 2019, the Corporation granted 3,600,000 stock options to officers, directors, and consultants of the Corporation to purchase 3,600,000 common shares of the Corporation at an exercise price of CDN$0.20 (US$0.151) per share expiring on August 26, 2024. The options were valued using the Black-Scholes pricing model with an expected volatility of 125%, an expected dividend yield of 0%, an expected life of 5 years and a risk-free rate of 1.24%.

(Expressed in US dollars – except where otherwise indicated)

7. SHARE CAPITAL (continued)

(c) Share-based payment reserve (continued)

The stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant. Share-based compensation expense of $170,736 was recorded in the year ended June 30, 2020.

On December 23, 2019, the Corporation granted 186,000 stock options to consultants of the Corporation to purchase 186,000 common shares of the Corporation at an exercise price of CDN$0.10 (US$0.075) per share expiring on December 23, 2021. The options were valued using the Black-Scholes pricing model with an expected volatility of 112%, an expected dividend yield of 0%, an expected life of 2 years and a risk-free rate of 1.68%. The stock options vested immediately. Share-based compensation expense of $8,040 was recorded in the year ended June 30, 2020.

On June 8, 2020, the Corporation granted 500,000 stock options to consultants of the Corporation to purchase 500,000 common shares of the Corporation at an exercise price of CDN$0.13 (US$0.095) per share expiring on June 8, 2023. The options were valued using the Black-Scholes pricing model with an expected volatility of 101%, an expected dividend yield of 0%, an expected life of 3 years and a risk-free rate of 0.32%. The stock options vest in equal one-quarter tranches on the first, second, third and fourth quarter following the date of grant. Share-based compensation expense of $2,623 was recorded in the year ended June 30, 2020.

Share based payment activity for the years ended June 30, 2020 and 2019 is summarized as follows:

	Number of stock options	Weighted average exercise price (CDN)
		$
Balance, June 30, 2018	**473,125**	**0.591**
Exercised	(130,000)	(0.600)
Forfeited	(1,250,000)	(0.600)
Granted	4,390,000	0.595
Balance, June 30, 2019	**3,483,125**	**0.591**
Granted	4,286,000	0.189
Expired	(417,976)	0.630
Balance, June 30, 2020	**7,351,149**	**0.355**

7. SHARE CAPITAL (continued)

(c) Share-based payment reserve (continued)

Summary of options outstanding as at June 30, 2020:

Options	Number of non-vested options	Number of vested options	Exercise price	Grant date fair value of options	Expiry date
#			CDN $	$	
125,000	-	125,000	0.60	35,203	August 15, 2021
186,000	-	186,000	0.10	8,124	December 23, 2021
500,000	500,000	-	0.13	21,241	June 8, 2023
2,635,000	626,667	2,008,333	0.60	742,084	August 15, 2023
150,000	100,000	50,000	0.60	35,904	November 15, 2023
100,000	66,667	33,333	0.40	18,435	February 4, 2024
3,600,000	3,600,000	-	0.20	335,377	August 26, 2024
55,149	-	55,149	0.30	13,951	November 19, 2024
7,351,149	**4,893,334**	**2,457,815**		**1,210,319**	

The weighted average remaining time to expiry for all outstanding options as of June 30, 2020 is 3.56 years (2019 – 3.67 years).

During the year ended June 30, 2020, 2,250,000 stock options were granted to directors and officers of the Corporation (2019 – 2,230,000). The share-based compensation expense related to the options issued is $173,768 (2019 – $515,228).

8. WARRANTS

Warrants issued in connection with the completion of certain private placements are exercisable in Canadian dollars. The fair value of these non-compensatory warrants is recorded as a warrant liability at the date of issuance. These warrants are revalued at each financial position reporting date with the corresponding change recorded as gain (loss) on warrant revaluation on the consolidated statement of operations and comprehensive loss.

(Expressed in US dollars – except where otherwise indicated)

8. WARRANTS (continued)

The following table presents the reconciliation of the beginning and ending balances of the warrant liability:

	Warrant liability $
June 30, 2018	**1,023,168**
Warrant issuance	161,588
Warrant revaluation	(1,119,516)
Change in foreign exchange	(2,850)
June 30, 2019	**62,390**
Warrant issuance	122,150
Warrant revaluation	(1,980)
Change in foreign exchange	(6,592)
June 30, 2020	**175,968**

The following is a summary of warrant activity for the years ended June 30, 2020 and June 30, 2019:

	June 30, 2020		June 30, 2019	
	Number	**Weighted average exercise price CDN$**	Number	Weighted average exercise price CDN$
Balance, beginning of year	**8,602,483**	**0.69**	6,832,483	0.76
Granted in connection with private placements	**4,537,000**	**0.15**	-	-
Granted in connection with convertible debenture	**-**	**-**	1,770,000	0.40
Exercised during the year	**-**	**-**	-	-
Expired during the year	**(6,832,483)**	**0.75**	-	-
Balance, end of year	**6,307,000**	**0.22**	8,602,483	0.69

a) In connection with the February 2019 convertible debenture issuance disclosed in Note 13, the Corporation issued 1,770,000 warrants. These warrants were assigned an estimated fair value of $161,588, using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 115%, a risk free interest rate of 1.76%, share price of CDN$0.21 and an expected maturity of 3 years. At June 30, 2020, the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 115%, a risk free interest rate of 0.25%, share price of CDN$0.11 and an expected maturity of 1.66 years.

(Expressed in US dollars – except where otherwise indicated)

8. WARRANTS (continued)

b) In connection with the August 2019 private placement disclosed in Note 7, the Corporation issued 132,000 broker warrants. These warrants were assigned an estimated fair value of $7,982, which was recorded in equity, using the Black Scholes option pricing model with the following assumptions:
expected dividend yield of 0%, expected volatility of 125%, a risk free interest rate of 1.54%, share price of CDN$0.10 and an expected maturity of 1.5 years.

c) In connection with the December 2019 private placement disclosed in Note 7, the Corporation issued 4,150,000 warrants. These warrants were assigned an estimated fair value of $122,150 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 112%, a risk free interest rate of 1.65%, share price of CDN$0.095 and an expected maturity of 2 years. At June 30, 2020, the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 110%, a risk free interest rate of 0.25%, share price of CDN$0.11 and an expected maturity of 1.47 years.

d) In connection with the December 2019 private placement disclosed in Note 7, the Corporation issued 255,000 broker warrants. These broker warrants were assigned an estimated fair value of $9,240, which was recorded in equity, using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 112%, a risk freeinterestrateof1.65%,share price of CDN$0.095 and an expected maturity of 2 years.

Summary of warrants outstanding as at June 30, 2020:

Warrants	Classification	Exercise price	Fair value of warrants	Expiry date
#		CDN$	$	
132,000	Equity	0.10	7,982	February 16, 2021
4,150,000	Liability	0.15	122,150	December 20, 2021
255,000	Equity	0.10	9,240	December 20, 2021
1,770,000	Liability	0.40	161,588	February 25, 2022
6,307,000			300,960	

9. NON-CONTROLLING INTEREST

The amount shown for non-controlling interest on the consolidated statements of financial position is in relation to a non-controlling interest ownership of approximately 41% (2019 – 27%) in the shares of HTR Corp. In December 2018, HTR Corp. issued 3,620,000 flow-through shares at a price of CDN$0.10 (US$0.073) per share for total gross proceeds of CDN$362,000 (US$270,174).

In June 2019, HTR Corp. issued an additional 100,000 shares valued at CDN $0.10 (US $0.0745) for a total value of CDN$10,000 (US$7,450) pursuant to the Black Raven property agreement. On September 19, 2019, HTR Corp. issued 9,146,666 common shares valued at CDN$0.10 (US$0.075) per share for a total value of CDN$914,670 (US$692,771) in consideration as consideration for the assumption of the rights to the option to acquire 100 per cent of the Labrador West iron ore project. See Note 14.

(Expressed in US dollars – except where otherwise indicated)

9. NON-CONTROLLING INTEREST (continued)

In December 2019, HTR Corp. issued to the Corporation 8,300,000 flow-through shares and 750,000 hard dollar common shares in connection with the private placement described in Note 8.

In January 2020, HTR Corp. issued 150,000 shares valued at CDN $0.10 (US $0.0761) for a total value of CDN$15,000 (US$11,416) pursuant to the Black Raven property agreement. See Note 14.

The issuance of these shares resulted in a balance of $727,884 allocated to the non-controlling interest based on the proportion of the net assets held by the non-controlling interest. Non-controlling interests' share of HTR Corp.'s expenses are reflected in the consolidated statements of operations and are charged as a reduction to the non-controlling interest account on the consolidated statement of financial position.

During the year ended June 30, 2020 and 2019, there were no dividends paid to the non-controlling interest by the Corporation.

For the year ended June 30, 2020, the following summarized financial information of the HTR Corp. is included in the consolidated statements of financial position and statement of operations:

		2020	2019
Current assets	$	477,264	223,648
Current liabilities		888	181
Net loss		1,033,273	54,157

10. BASIC AND DILUTED NET LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended June 30, 2020 was based on the loss attributable to common shareholders of $2,747,031 (2019 - $1,487,581) and the weighted average number of common shares outstanding of 87,049,733 (2019 - 56,810,451).

Diluted loss per share did not include the effect of the stock options disclosed in Note 7(c), the share purchase warrants disclosed in Note 8, or the conversion option feature described in Note 13 as they are anti-dilutive for the years ended June 30, 2020 and 2019.

11. RELATED PARTY TRANSACTIONS

a) The remuneration of key management personnel is comprised of

		June 30, 2020		June 30, 2019
Wages and benefits	$	**48,162**	$	69,993
Consulting fees		**141,008**		126,801
Share-based compensation		**173,768**		515,228

*Key management personnel include directors, officers and former directors/officers.

b) See Notes 7(b), (c), and Note 13.

(Expressed in US dollars – except where otherwise indicated)

11. RELATED PARTY TRANSACTIONS (continued)

c) Trade payables and accrued liabilities as at June 30, 2020 include $7,338 (2019 - $30,224) owed to current and former officers of the Corporation. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.

12. GENERAL AND ADMINISTRATIVE

	June 30, 2020	June 30, 2019
Amortization (Note 6)	**$ 25,034**	$ 30,972
Corporate relations	**83,692**	149,313
Occupancy costs	**3,600**	3,600
Office supplies, bank charges and telephone	**53,778**	30,222
Professional fees and transfer agent	**225,825**	209,394
Travel and promotion	**60,933**	66,409
Wages and benefits	**48,162**	72,386
	$ 501,024	$ 562,296

13. CONVERTIBLE DEBT

On February 26, 2019, the Corporation closed an unsecured convertible debenture financing ("2019 Debenture") for CDN$708,000 (US$529,796) with an interest rate of 8% per annum payable in cash or 12% per annum payable in shares at maturity. The unsecured convertible debentures have a maturity date of February 25, 2022 and the principal amount and all accrued interest of the convertible debentures are convertible into common shares at CDN$0.40 (US$0.299) per share prior to February 25, 2022 at the option of the holder. A total of CDN$270,000 of the debentures were issued to directors and officers of the Corporation.

Under IFRS, when the currency of the conversion price of the conversion option is different than the functional currency of the legal entity in which they were issued, the conversion option component is accounted for as a derivative liability.

The Corporation allocated the net proceeds to liability and derivative liability components based on the fair value of the conversion feature (which is an embedded derivative liability requiring separation) and the convertible debentures using the effective interest rate method.

The effective interest rate of the 2019 Debenture is 40.80% (this is determined by establishing the rate that is required to discount the contractual cash flows back to the carrying amount, as adjusted for transaction costs).

The fair value of the derivative liability component for the 2019 Debenture was determined to be $161,588 and the fair value of the warrants was determined to be $161,588 (see Note 8) with a residual amount of $206,620 allocated to the liability on the date of issuance. The fair value of the conversion option component of the debenture at issuance was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 115%, risk free interest rate of 1.76% and an expected life of 3 years.

(Expressed in US dollars – except where otherwise indicated)

13. CONVERTIBLE DEBT (continued)

The discount on the convertible debentures is amortized using the effective interest method over the term of the debenture being a period of three years. The Corporation accretes the carrying value of the convertible debentures each month by recognizing an accretion expense in the condensed interim statement of operations and comprehensive loss and a credit to convertible note. For the year ended June 30, 2020, $72,674 (2019 - $65,365) of finance expense from the debt discount was recorded by the Corporation.

The fair value of the conversion option component of the CDN$708,000 2019 Debenture outstanding as at June 30, 2020 was estimated as $42,541 (June 30, 2019 - $52,081) using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 115% based on the historical volatility of comparable entities, risk-free interest rate of 0.25%, share price of CDN$0.11, and an expected life of 1.66 years.

The following table presents the reconciliation of the beginning and ending balances of the components of the convertible debt:

	Liability	Derivative liability	Total
	$	**$**	**$**
June 30, 2018	149,873	868,678	1,018,551
Issuance of debenture	206,620	161,588	368,208
Accrued interest	21,808	-	21,808
Accretion of liability	65,365	-	65,365
Revaluation of conversion option	-	(836,015)	(836,015)
Change in foreign exchange	5,939	(9,030)	(3,091)
Debentures converted	(186,190)	(133,140)	(319,330)
June 30, 2019	**263,415**	**52,081**	**315,496**
Accrued interest	68,070	-	68,070
Accretion of liability	72,674	-	72,674
Revaluation of conversion option	-	(7,592)	(7,592)
Change in foreign exchange	(12,616)	(1,948)	(14,564)
June 30, 2020	**391,543**	**42,541**	**434,084**

At June 30, 2020 and 2019, the face value of the outstanding convertible debentures totals CDN$708,000.

(Expressed in US dollars – except where otherwise indicated)

14. EXPLORATION AND EVALUATION EXPENDITURES

Golden Zone

On April 28, 2016, the Corporation entered a preliminary agreement with Chulitna Mining Company LLC ("CMC"), Mines Trust Company Inc. ("MTC"), and Alix Resources Corp. ("AIX") to purchase an aggregate interest of 70.6% interest in the Golden Zone property, Alaska. Upon signing this agreement, the Corporation paid $25,000 to CMC for an exclusive 90-day due diligence period. In addition, the Corporation paid CDN$10,000 to AIX and settled a debt of CDN$200,000 (US$152,462) owed by CMC to AIX through the issuance of 460,829 shares at a deemed price of CDN$0.43 (US$0.33) per share upon closing of the definitive agreement for the interest in the Golden Zone property.

On November 21, 2016 the parties signed a final agreement with the following financial terms:

	CMC				MTC			
	cash		stock		cash		stock	
upon signing an agreement in 2016	$ 150,000	(paid)	$ 150,000	(paid)	$ 25,000	(paid)	$ 100,000	(paid)
January 15, 2017	50,000	(paid)	50,000	(paid)	-		25,000	(paid)
January 15, 2018	50,000	(paid)	50,000	(paid)	-		25,000	(paid)
January 15, 2019	100,000	(paid)	100,000	(paid)	-		25,000	(paid)
January 15, 2020	100,000	(paid)	100,000	(paid)	-		25,000	(paid)
January 15, 2021	100,000		100,000		-		25,000	
January 15, 2022	150,000		150,000		-		25,000	
January 15, 2023	150,000		150,000		-		25,000	
Total	$ 850,000		$ 850,000		$ 25,000		$ 275,000	

The January 15, 2019 payments resulted in the issuance of 400,098 common shares. The January 15, 2020 payments resulted in the issuance of 1,471,170 common shares.

In addition to the above-noted cash and shares commitments, the Corporation was required to make work expenditures of $2,000,000, over a five-year period, which was met in January 2018.

Annual payments will cease after the sooner of January 15, 2023 payments or upon the beginning of annual production of 10,000 ounces or more of gold annually from the property when a net smelter royalty ("NSR") will become payable. Cash payments to CMC in the years 2019 and following will be considered advance royalty payments and will be deducted from up to 50% of the NSRs payable to CMC upon achieving production from GZ. Those NSR royalties will be as follows: CMC 2.0%; MTC 1.0%. The Corporation can surrender its interest in the property by notifying the owner at any time, and there will be no further payment obligations.

The Corporation shall have the option exercisable at any time to purchase one-half (1/2) of the NSR payable to CMC representing 1.0% of the NSR for the purchase price of $1,000,000 and 40% of the NSR payable to MTC representing 0.4% of the NSR for the purchase price of $400,000.

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Amanita

On October 31, 2016, the Corporation signed a definitive agreement for a 15-year lease to purchase option pursuant to which the Corporation can acquire a 100% interest in the Amanita claim block subject to a 3% NSR for cash consideration of $3,000,000. The Amanita claim block is comprised of 88 lode claims located within the Fairbanks Mining District approximately 25 kilometres northeast of Fairbanks, Alaska.

The Corporation paid $5,000 at the time of signing a letter of intent and a further $20,000 on the signing of the definitive property agreement. The Corporation is required to make minimum payments as follows, which are credited against the $3,000,000 purchase price.

a. First anniversary of agreement date: $15,000 (paid)
b. Second anniversary of agreement date: $25,000 (paid)
c. Third anniversary of agreement date: $30,000 (paid)
d. Every subsequent anniversary: payments increase by $10,000 annually (paid $40,000 in August 2019 and $50,000 subsequent to June 30, 2020)

The Corporation may acquire the 3% NSR royalty for an additional $3,000,000.

Jungo

On January 8, 2013, Dutch Gold Resources Inc. ("DGRI"), DGRI Jungo Development Corporation and the Corporation entered into an agreement pursuant to which DGRI and DGRI Jungo Development Corporation agreed to transfer to the Corporation all of the right, title and interest in and to the Red Dog Claims located in Nevada, in exchange for a 2% NSR and the obligation of the Corporation to pay annual advance minimum royalty payments to DGRI Jungo Development Corporation in the amount of $20,000 beginning on August 25, 2015. The Corporation also holds a 100% interest in Red Dog Claims 101-160 that is not subject to an NSR.

Dome Hill

On August 1, 2016, the Corporation entered into a lease agreement with Chonna DeLaney on the Jump Up Joe patented claim (MS 160651) in Mono County, California. The lease is for an initial period of ten years with options for ten, one-year extensions as long as the Corporation is conducting exploration or mining on the property. Annual lease payments are $1,000, and there is a two percent (2%) gross proceeds royalty ("GPR") from all production from the property. One half of the GPR can be purchased at any time for $250,000. The Corporation did not renew the lease on August 1, 2019.

On August 1, 2016, the Corporation entered into a Lease with Option to Purchase Agreement with the Brook Family Trust on the Hermene patented claim (MS285868) in Mono County, California. The lease is for an initial period of ten years with options for ten, one-year extensions as long as the Corporation is conducting exploration or mining on the property. Annual lease payments are $1,000, and the claim can be purchased for $75,000. There is no residual royalty. The Corporation did not renew the lease on August 1, 2019.

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Black Raven

On November 26, 2019, the Corporation's majority controlled subsidiary, HTR Corp., entered into an option to earn a 100% interest in the Black Raven property over three years for the consideration of the issuance of CDN$275,000 in shares and the completion of at least CDN$70,000 of exploration work. The vendor retains a 2% NSR, of which 1.75% can be purchased by HTR Corp. for CDN$2,000,000. The Corporation is required to make minimum payments as follows:

a. Upon signing of agreement date: CDN$10,000 worth of HTR Corp. shares (shares issued)
b. First anniversary of agreement date: CDN$15,000 worth of HTR Corp. shares (shares issued)
c. Second anniversary of agreement date: CDN$250,000 worth of HTR Corp. shares

Labrador West

On August 28, 2019, HTR Corp. agreed to terms with Altius Resources Inc. ("Altius"), a wholly owned subsidiary of Altius Minerals Corp., to acquire 100% of the Labrador West iron ore project, located in the Labrador Trough.

Altius has granted to HTR Corp. an exclusive option to purchase the 100% undivided interest in and to the project upon: (i) HTR Corp. incurring exploration expenditures on the project of at least CDN$2,000,000 by December 31, 2021; (ii) the issuance of a number of common shares such that Altius will own 19.9% of the issued and outstanding common shares of HTR Corp. immediately following cumulative equity financings of no less than CDN$5,000,000; and (iii) HTR Corp. becoming a publicly-listed company in Canada within 24 months from the execution date.

Upon HTR Corp. acquiring a 100% interest in the project, the public company shall grant to Altius a 2.75% gross sales royalty (GSR) on all iron ore produced, removed and recovered from the project.

Additionally, HTR Corp. has issued 9,146,666 common shares to arm's-length parties as consideration for the assumption of the rights to the option. The fair value of these consideration shares was estimated to be CDN$0.10 based on price of the shares issued in the most recent private placement closed by HTR Corp.

(Expressed in US dollars – except where otherwise indicated)

14. EXPLORATION AND EVALUATION EXPENDITURES (continued)

The following table summarizes exploration and evaluation expenditures for each of the Corporation's respective properties.

	June 30, 2020	June 30, 2019
Golden Zone		
Acquisition and holding costs	**$ 269,554**	$ 280,716
Evaluation expenditures	**266,749**	1,642,001
	$ 536,303	$ 1,922,717
Amanita		
Acquisition and holding costs	**$ 58,501**	$ 45,208
Evaluation expenditures	**198,589**	2,485
	$ 257,090	$ 47,693
Jungo		
Acquisition and holding costs	**$ 38,743**	$ 36,197
Evaluation expenditures	**-**	-
	$ 38,743	$ 36,197
Dome Hill		
Acquisition and holding costs	**$ 1,285**	$ 14,745
Evaluation expenditures	**-**	-
	$ 1,285	$ 14,745
Labrador West		
Acquisition and holding costs	**$ 686,500**	$ -
Evaluation expenditures	**208,384**	-
	$ 894,884	$ -
Black Raven		
Acquisition and holding costs	**$ (1,365)**	$ 26,069
Evaluation expenditures	**64,417**	32,491
	$ 63,052	$ 58,560
Other Properties		
Evaluation expenditures (recovery)	**$ -**	$ 8,682
TOTAL EXPLORATION AND EVALUATION EXPENDITURES	**$ 1,791,357**	**$ 2,088,594**

(Expressed in US dollars – except where otherwise indicated)

15. INCOME TAXES

The Corporation utilizes the asset and liability method of accounting for incomes taxes. The estimated taxable income for the years ended June 30, 2020 and 2019 is $Nil. Based upon the level of historical taxable income, it cannot be reasonably determined if the Corporation will realize deferred income tax assets.

(a) Provision for income taxes

Major items causing the Corporation's effective income tax rate to differ from the combined statutory rate of 20% (2019 – 20%) were as follows:

	2020 $	2019 $
(Loss) before income taxes	(3,296,427)	(1,502,265)
Expected income tax recovery based on statutory rate	829,000	292,000
Adjustment to expected income tax benefit:		
Expenses not deductible for tax purposes	(8,000)	(9,000)
Other	(93,000)	360,000
Change in benefit of tax assets not recognized	(728,000)	(643,000)
Deferred income tax provision (recovery)	-	-

(b) Deferred income taxes

Recognized deferred tax assets and liabilities are as follows:

Canada	2020 $	2019 $
Mineral exploration property costs	-	(20,000)
Other	(68,000)	(361,000)
Non-capital loss carry-forwards	68,000	381,000
Total	-	-

(Expressed in US dollars – except where otherwise indicated)

15. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2020	2019
Canada	$	$
Non-capital loss carry-forwards	5,119,000	2,824,000
Share issue costs	158,000	139,000
Mineral exploration property costs	619,000	53,000
Total	5,896,000	3,016,000
United States		
Non-capital loss carry-forwards	8,760,000	7,481,000
Other	86,000	55,000
Total	8,846,000	7,536,000

The Corporation has approximately $5,375,000 (CDN$7,296,000) (2019 - $4,185,000, CDN $5,487,000) of non- capital losses in Canada, $8,760,000 (2019 - $7,481,000) of non-capital losses in the United States as at June 30, 2020, which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses in the United States do not expire.

The non-capital losses in Canada will expire as follows:

2032	$ 116,000
2033	140,000
2034	214,000
2035	294,000
2036	1,777,000
2037	254,000
2038	475,000
2039	1,474,000
2040	631,000
Total	$ 5,375,000

15. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can use the benefits.

(c) Canadian development and exploration expenditures

The Corporation has approximately $619,000 (CDN$784,000) of Canadian development and exploration expenditures as at June 30, 2020 (2019 - $551,000, CDN$691,000) which under certain circumstances can used to reduce taxable income in future years.

16. CONTINGENCIES

Environmental contingencies

The Corporation's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

Flow-through commitment

The Corporation is obligated to spend CDN$830,000 (US$609,054) by December 31, 2021 for the issuance of flow-through shares by HTR Corp. As at June 30, 2020, the Corporation had spent CDN$55,771 (US$40,925) and is obligated to spend an additional CDN$774,229 (US$568,129). The flow-through agreements require the Corporation to renounce certain tax deductions for Canadian exploration expenditures incurred on the Corporation's mineral properties to flow-through participants. The Corporation has indemnified the subscribers for certain tax related amounts that become payable by the subscribers should the Corporation not meeting its expenditure commitments.

17. SUBSEQUENT EVENTS

(a) On July 14, 2020, the Corporation closed a private placement for gross proceeds of CDN$2,000,000 (US$1,467,600). A total of 20,000,000 units were issued at a price of CDN$0.10 per share. Each unit consists of one common share of the Corporation and one common share purchase warrant; each is warrant exercisable into a common share at a price of CDN$0.14 for 24 months following the warrant issuance.

(b) On July 21, 2020, the Corporation acquired a 100% interest in the Fish Creek gold property, located in Alaska. The Corporation issued 2,500,000 common shares as consideration for the acquisition. The vendors were granted a 1% NSR on the Fish Creek property and a 0.2% NSR royalty on the Amanita property.

17. SUBSEQUENT EVENTS (continued)

The vendors will also be entitled to receive one-half of any additional royalty granted to a third party in the event of the subsequent disposition by the Corporation of the Fish Creek property, and to receive 25% of any net profits received from such sale to third party after a deduction of an amount equal to two times the exploration costs expended by the Corporation on the Fish Creek property and reasonable transactional expenses incurred in connection with sale to the third party.

(c) On July 28, 2020, a total of 186,000 stock options of the Corporation were exercised for proceeds of CDN$18,600 (US$13,650).

(d) On August 17, 2020, the Corporation closed a private placement for gross proceeds of CDN$1,700,000 (US$1,247,460). A total of 5,151,515 units were issued at a price of CDN$0.33 per share. Each unit consists of one common share of the Corporation and one common share purchase warrant; each warrant is exercisable into a common share at a price of CDN$0.55 for 24 months following the warrant issuance. The warrants are subject to an accelerated exercise provision by the Corporation, in the event that the volume weighted average price of the Corporation's shares is equal to or greater than CDN$0.825 for 20 consecutive trading days.

(e) On September 3, 2020, the Corporation granted 3,250,000 stock options to certain members of management, directors and consultants of the Corporation. The options are exercisable into common shares of the Corporation at an exercise price of CDN$0.28 per share and have a five-year term to maturity. All of the options vest in equal one-third tranches on the first, second and third year anniversary of the grant date.