Consolidated financial statements of

GOLDEN TAG RESOURCES LTD.

December 31, 2019 and 2018

GOLDEN TAG RESOURCES LTD.
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Management’s Responsibility for Financial Reporting

To the Shareholders of Golden Tag Resources Ltd.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the Management Discussion and Analysis (MD&A) is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors ("Board") and Audit Committee ("Committee") are composed of some Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee has the responsibility of meeting with management and with the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP, an independent firm of chartered professional accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to meet separately with, both the Committee and management to discuss their audit findings.

April 27, 2020

Signed by: Marc Carrier

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President and CFO

Signed by: Bruce Robbins

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Chief Executive Officer

Independent Auditor's Report

To the Shareholders of Golden Tag Resources Ltd.:

Opinion

We have audited the consolidated financial statements of Golden Tag Resources Ltd. and its subsidiary, (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and 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 December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of $432,120 during the year ended December 31, 2019 and, as of that date, had an accumulated deficit of $15,510,538. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises 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 audits 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 audits 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

MNP SENCRL, srl [1]

Montréal, Québec

April 27, 2020

[1] CPA auditor, CA, public accountancy permit no. A126822

Golden Tag Resources Ltd.
Consolidated Statements of Financial Position
For the years ended December 31, 2019 and 2018

	Note	**December 31, 2019**	December 31, 2018
		$	**$**
Assets	**Note**		
Current			
Cash		**1,271,551**	43,385
Marketable Securities	6	**167,625**	470,400
Sales taxes receivable	7	**136,837**	27,589
Prepaid Expenses and deposits		**13,383**	24,360
		1,589,396	565,734
Non-current assets			
Long Term sales taxes receivable	7	**-**	100,396
Total assets		**1,589,396**	666,130
Liabilities			
Current			
Trade payables		**21,225**	26,514
Equity			
Share capital	9	**15,157,617**	14,734,673
Options reserve	10	**91,997**	83,455
Warrants reserve	9	**1,369,463**	440,274
Deficit		**(15,510,538)**	(15,040,357)
Accumulated other comprehensive income		**459,632**	421,571
Total equity		**1,568,171**	639,616
Total liabilities and equity		**1,589,396**	666,130

Going concern	1
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Approved on Behalf of the Board:

Signed by: Marc Carrier, President & CFO

Signed by: Bruce Robbins, CEO

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

Golden Tag Resources Ltd.
Consolidated Statements of Loss and Comprehensive loss
For the years ended December 31, 2019 and 2018

	Note	**Year Ended December 31, 2019**	Year Ended December 31, 2018
		$	$
Management, consulting and directors' fees	14	**145,000**	145,000
Professional fees		**71,332**	85,593
Mineral property expenses		**71,128**	66,328
Foreign exchange		**41,572**	9,739
Office expenses and sundry		**28,885**	13,621
Listing, filing and transfer agency fees		**19,381**	18,881
Rent		**12,691**	12,691
Stock-based compensation		**8,542**	74,213
Promotion and travel		**5,943**	3,710
		404,474	429,776
Finance income		**(3,627)**	(103)
Loss on sale of marketable securities	6	**79,309**	122,900
Unrealized gain (loss) on change in fair value of marketable securities	6	**(9,975)**	92,300
		65,707	215,097
Net loss for the year		**(470,181)**	(644,873)
Other comprehensive income		**38,061**	17,922
Comprehensive loss for the year		**(432,120)**	(626,951)
Weighed average number of shares – Basic		**88,190,120**	79,312,311
Weighed average number of shares – Diluted		**88,190,120**	79,312,311
Basic loss per share	11	**(0.005)**	(0.008)
Diluted loss per share	11	**(0.005)**	(0.008)

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

Golden Tag Resources Ltd.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018

	Number of Shares	Share capital (Note 9)	Options reserve	Warrants reserve	Deficit	Accumulated other comprehensive income	Total
		$	$	$	$	$	$
Balance as at January 1, 2019	79,806,558	14,734,673	83,455	440,274	(15,040,357)	421,571	639,616
Issuance of shares	30,000,000	576,968	-	923,032	-	-	1,500,000
Stock-based compensation	-	-	8,542	-	-	-	8,542
Finder's warrants Issued	-	(76,275)	-	76,275	-	-	-
Share issue costs	-	(77,749)	-	(70,118)	-	-	(147,867)
Comprehensive loss	-	-	-	-	(470,181)	38,061	(432,120)
Balance as at December 31, 2019	109,806,558	15,157,617	91,997	1,369,463	(15,510,538)	459,632	1,568,171

	Number of Shares	Share capital (Note 9)	Options reserve	Warrants reserve	Deficit	Accumulated other comprehensive income	Total
		$	$	$	$	$	$
Balance as at January 1, 2018	78,926,558	14,690,674	9,242	440,274	(14,395,484)	403,649	1,148,355
Issuance of shares	880,000	43,999	-	-	-	-	43,999
Stock-based compensation	-	-	74,213	-	-	-	74,213
Comprehensive loss	-	-	-	-	(644,873)	17,922	(626,951)
Balance as at December 31, 2018	79,806,558	14,734,673	83,455	440,274	(15,040,357)	421,571	639,616

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

Golden Tag Resources Ltd.
Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018

	Note	**Year Ended December 31, 2019**	Year Ended December 31, 2018
		$	$
Operating activities			
Net loss		**(470,181)**	(644,873)
Non-cash items:			
Foreign Exchange		**46,544**	51,928
Changes in working capital items	13	**(3,164)**	(36,047)
Share-based compensation		**8,542**	74,213
Realized loss on sale of marketable securities		**79,309**	122,900
Unrealized loss (gain) on change in fair value of marketable securities	6	**(9,975)**	92,300
		(348,925)	(339,579)
Financing activity			
Net proceeds from issuance of units		**1,352,133**	-
Cash received on exercise of warrants	9	**-**	43,999
		1,352,133	43,999
Investing activity			
Proceeds on sale of marketable securities		**233,441**	358,400
Effect of exchange rate		**(8,483)**	(34,006)
Net increase in cash		**1,228,166**	28,814
Cash, beginning of year		**43,385**	14,571
Cash, end of year		**1,271,551**	43,385

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

1. Nature of operation and going concern assumption

Golden Tag Resources Ltd. ("the Company") is incorporated under the Canada Business Corporations Act and is in the process of exploring its mineral properties and has not yet determined whether those properties contain ore reserves that are economically recoverable. The address of Golden Tag Resources Ltd.'s registered office and its principal place of business are 3608 Boul. St-Charles, Suite 16, Kirkland, Quebec, Canada. Golden Tag Resources Ltd.'s shares are listed on the TSX Venture Exchange, trading under the symbol "GOG."

These consolidated financial statements comprise the financial statements of Golden Tag Resources Ltd. and its wholly owned subsidiary, Golden Tag de Mexico S.A., incorporated in Mexico.

These consolidated financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, and the Company has not yet generated income or cash flows from its operations.

	December 31, 2019	December 31, 2018
Comprehensive loss for the year	**(432,120)**	(626,951)
Deficit	**15,510,538**	15,040,357
Working capital	**1,568,171**	539,220
Cash outflow from operating activities	**348,925**	339,579

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and support its administrative overhead. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral property.

These factors indicate the existence of a material uncertainty that may cast significant doubt regarding the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments to the classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

2. Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issue in accordance with a resolution of the directors on April 27, 2020.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, unless otherwise stated.

2. Basis of presentation *(Continued from previous page)*

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise stated, which is the Company's functional currency. The functional currency of the Company's Mexican subsidiary is the US dollar. The Company has adopted the Canadian dollar as its presentation currency.

3. Summary of significant accounting policies

These accounting policies have been used throughout all periods presented in the consolidated financial statements.

Basis of consolidation

The Company's consolidated financial statements represent those of the parent company and its subsidiary as at December 31, 2019 and December 31, 2018. The Company's subsidiary has a reporting date of December 31.

Intercompany transactions have been eliminated on consolidation.

Foreign currency translations

Foreign currency transactions are translated into the functional currency of each consolidated entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss whereas the Company's net investment in its foreign subsidiary is recognized in other comprehensive income. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not re-translated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

The Mexican subsidiary has the US dollar as its functional currency, and its operations have been translated into Canadian dollars for presentation purposes as follows: assets and liabilities have been translated at the closing rate at the reporting date; expenses have been translated at the average rate over the reporting period. Exchange differences are recognized in other comprehensive income and recognized in the accumulated other comprehensive income in equity.

Financial instruments

Classification

Financial Assets/Liabilities	Classification
Cash	Financial assets at amortized cost
Marketable securities	Fair value through profit or loss
Trade payables	Financial liabilities at amortized cost

Measurement – initial recognition

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

3. Summary of significant accounting policies *(Continued from previous page)*

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

Classification of financial assets

Amortized cost:
Financial assets that meet the following conditions are measured subsequently at amortized cost:

(i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

Fair value through other comprehensive income ("FVTOCI"):
Financial assets that meet the following conditions are measured at FVTOCI:

(i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured subsequently at fair value through profit or loss (“FVTPL”):
By default, all other financial assets are measured subsequently at FVTPL.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

Classification of financial liabilities and equity:
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company’s own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Classification of financial liabilities
Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

3. Summary of significant accounting policies *(Continued from previous page)*

Impairment

The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share is calculated by adjusting loss attributable to ordinary equity holders of the parent company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, at the date of issue of the potential ordinary shares.

For the purpose of calculating diluted loss per share, an entity shall assume the exercise of dilutive options and warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options and warrants as explained in Note 11.

Cash and cash equivalents

Cash and cash equivalents comprises of (i) cash on deposit with a bank in general non-interest bearing accounts; (2) interest generating money market accounts with no stipulated terms of maturity and that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value; and (iii) highly-liquid short-term investments initially maturing within three months of their acquisition date. The Company does not have any cash equivalents as at December 31, 2019 and December 31, 2018.

Marketable securities

Marketable securities comprise of shares of other publicly trading companies and are recorded at fair value as of the date of the statement of financial position. The difference from the original cost base is recorded as unrealized gain or loss in the statement of loss and comprehensive loss.

Mineral properties

Mineral property expenses include the cost of acquiring mining rights and expenses directly related to the exploration and evaluation of mining properties. These expenditures are expensed in the year they are incurred.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, related mining rights and expenses are capitalized. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Although the Company has taken steps to verify title to the mining property in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such property, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

3. Summary of significant accounting policies ***(Continued from previous page)***

Reclamation Obligations

Estimated reclamation costs are based on legal, environmental and regulatory requirements. The costs of active mining operations are accrued, on an undiscounted basis, as a production cost, on a unit-of-production method based on proven and probable reserves. The Company periodically review these estimates and update reclamation cost estimates if assumptions change. The Company currently has no such obligations accrued as they are trivial.

Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units (CGUs)). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment. An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each asset or cash-generating unit, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows.

An impairment loss is recognized immediately in the statement of loss and comprehensive loss and reduces the asset or is charged pro rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed as to whether there is any indication that an impairment loss recognized in prior periods may no longer exist. An impairment charge is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount but only to what the carrying amount would have been if an impairment was never recognised.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted when the time value of money is significant.

All contingent liabilities are continually reviewed to determine whether an outflow of economic benefits has become probable. Where a contingent liability becomes probable that an outflow of future economic benefits will be required, a provision is recognized in the period in which the change in probability occurs. If at the end of the reporting period it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3. Summary of significant accounting policies *(Continued from previous page)*

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization. Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. The Company's operations are in compliance with current laws and regulations. Any provisions resulting from mining property restorations would be charged to mineral property expenses when it is possible to reasonably estimate the amount.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in net loss except to the extent it relates to items recognized in other comprehensive loss or directly in equity.

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities:

- are generally recognized for all taxable temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled, and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

3. Summary of significant accounting policies *(Continued from previous page)*

Equity

Share capital represents the amount received on the issue of shares, less issuance costs. Proceeds from unit placements are allocated between shares and warrants issued by: estimating the value of the warrants using the Black-Scholes Valuation model; the fair value is allocated to warrants from the net proceeds and the balance is allocated to shares. The fair value attributed to the warrants is recorded as warrants reserve. When warrants are exercised, the value is transferred from warrants reserve to capital stock. If the warrants expire unexercised, the related amount is reallocated to deficit.

Deficit includes all current and prior period profits or losses.

Equity-settled share-based payment transactions

The Company operates equity-settled share-based remuneration plans (share options plans) for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of the services rendered by the employees is determined indirectly by reference to the fair value of the equity instruments granted estimated using the Black-Scholes Valuation model. This fair value is appraised at the grant date.

All equity-settled share-based payments are ultimately recognized as an expense in net loss depending on the nature of the payment with a corresponding credit to options reserve, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options have already vested.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in options reserves are then transferred to share capital. If the options expire unexercised, the related amount is reallocated to deficit.

Segment reporting

In accordance with IFRS 8, Operating Segments, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment’s performance. In this regard, the Company conducts its business in a single operating segment being the acquisition, exploration and development of mineral properties. The Company’s only mineral property is located in Mexico as detailed in Note 8.

Comprehensive loss

Comprehensive loss is the total of loss and other comprehensive loss Other comprehensive loss comprises revenues, expenses, gains and losses that, in accordance with IFRS, require recognition, but are excluded from loss The Company's other comprehensive loss represents foreign currency translation gains/losses related to translating the financial information of its Mexican subsidiary from its US functional currency to Canadian dollars for presentation purposes.

3. Summary of significant accounting policies ***(Continued from previous page)***

Fair value hierarchy

The Company classifies financial instruments recognised at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7 – Financial Instruments: Disclosures. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

> Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
> Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
> Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Marketable securities (level 1) at December 31, 2019 and December 31, 2018 are valued at fair value. The carrying value of the Company's other financial instruments approximates their fair value due to the short period to maturity.

There were no movements between levels during 2019 and 2018.

Accounting standards adopted in the year

IFRS 16 - Leases

In January 2016, the IASB published IFRS 16 –Leases, which will replace IAS 17 –Leases. This IFRS eliminates the classification of an operating lease and requires lessees to recognise a right-of-use asset and a lease liability for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods, changes the accounting for sale and leaseback arrangements, and largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. As of January 1, 2019, the Company has adopted IFRS 16 and has concluded that, based on its current operations, the adoption of IFRS 16 had no significant impact on the Company's financial statements.

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments ("IFRIC 23") was issued by the IASB on June 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. As of January 1, 2019, the Company has adopted IFRIC 23and has concluded that, based on its current operations, the adoption of IFRIC 23 had no significant impact on the Company's financial statements.

3. Summary of significant accounting policies *(Continued from previous page)*

Accounting standards issued but not yet effective

IAS 1 "Presentation of Financial Statements" ("IAS 1")

IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of January 1, 2020, the Company has adopted IAS 1 and has concluded that, based on its current operations, the adoption of IAS 1 had no significant impact on the Company's financial statements.

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8")

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of January 1, 2020, the Company has adopted IAS 8 and has concluded that, based on its current operations, the adoption of IAS 8 had no significant impact on the Company's financial statements.

4. Critical accounting estimates, judgments and assumptions

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Judgments

Going Concern
The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as, expectations of future events that are believed to be reasonable under the circumstances (Note 1).

Deferred taxes
The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. As at December 31, 2019 and December 31, 2018, management has determined that deferred tax assets do not meet the criteria for recognition, and accordingly were not recorded (Note 12).

4. Critical accounting estimates, judgments and assumptions *(Continued from previous page)*

Operating segment

The ability to aggregate the Company's operating segments based on similar economic characteristics requires judgment to be applied and is dependent on entity-specific facts and circumstances.

Functional Currency

The functional currency of Golden Tag de Mexico S.A is US dollars. The determination of the subsidiary's functional currency is determined based on management's assessment of the economic environment in which it operates.

Estimates

Share-Based Compensation

The Company uses the fair value method of valuing compensation expense associated with the Company's share-based compensation plan whereby notional shares are granted to employees, board of directors and key consultants. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The assumptions are discussed in Note 10.

Warrant Valuation

The Company uses the fair value method of valuing warrants associated with the Company's equity instrument issuances. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The assumptions are discussed in Note 9.

Collectability of sales taxes

The Company uses its best estimate of sales taxes credits to be received back from the respective governments and determining if an allowance needs to be taken.

5. Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports on the performance of the managerial units of the Company to the Board of Directors. An analysis of the Company's business segments is set out below:

	Canada	**Mexico**	**December 31, 2019**	Canada	Mexico	December 31, 2018
	$	**$**	**$**	$	$	$
Other operating expenses	**304,978**	**99,496**	**404,474**	330,214	99,562	429,776

6. Marketable securities

	2019	2018
	$	$
Balance as at January 1,	**470,400**	1,044,000
Additions (disposals) in the year:		
Sirios Resources Inc. (100,000 shares in 2018)	**-**	(106,000)
Rubicon Minerals Corporation 225,000 shares (270,00 shares in 2018)	**(312,750)**	(375,300)
	157,650	(481,300)
Unrealized gain (loss) on change in fair value of marketable securities	**9,975**	(92,300)
Balance as at December 31,	**167,625**	470,400

Marketable securities include the following components at fair value:

	December 31, 2019	December 31, 2018
	$	$
Sirios Resources Inc. 700,000 shares (700,000 shares 2018)	**108,500**	98,000
Rubicon Minerals Corporation 55,000 shares (280,000 shares 2018)	**59,125**	372,400
Total	**167,625**	470,400

7. Sales taxes

Aging analysis	December 31, 2019	December 31, 2018
	$	$
Current	**11,782**	11,106
30-90 days	**2,800**	1,551
Over 90 days (past due)	**122,255**	14,932
Total	**136,837**	27,589

Approximately $84,330 of the long-term sale taxes receivable are amounts in dispute with the Mexican government related to VAT paid by the Company when purchasing the remaining 50% interest in the San Diego property. During 2018, there was a court order in favour of the Company to collect back this amount as the VAT was not applicable on the sale. This decision was then challenged and the original decision was reversed. The Company then appealed to a higher authority and the decision was favourable to the Company, whereupon the Company asked the seller that charged the original sales tax to return the funds in question. The seller agreed and refunded 1,176,455 Mexican Pesos (CAN$ 80,963), which was received by the company on January 15, 2020.

8. Mineral property

Mexico San Diego Property

The Company, through its wholly-owned subsidiary, and Golden Minerals Company (formerly ECU Silver Mining Inc.) held a 50% interest in the San Diego Property, Durango State, Mexico. During the third quarter of 2016, the Company acquired the remaining 50% of the San Diego property for $500,000 in cash consideration and 2,500,000 shares of the Company, which were valued at $275,000, based on the stock price on the date of the issuance. Golden Minerals will retain a 2% NSR on the property. This is the only mining property that the Company holds the rights to explore as at December 31, 2019 and December 31, 2018.

9. Equity

Share capital

Authorized: An unlimited number of the following classes of shares:

Common shares, voting, without par

Preferred shares, non-voting, redeemable for the amount paid thereon, all rights and privileges to be determined by the Board of Directors.

Issued 2019

During the year, the Company closed a private placement pursuant to which it has issued 30,000,000 units at a price of $0.05 per unit for gross proceeds for $1,500,000. Each unit consists of one common share in capital of the Company and one-half share purchase warrant entitling the purchase of one common share at a price per share of $0.07. The fair value of the 15,000,000 warrants was estimated at 0.0615 using the Black Scholes valuation model with the following assumptions: an expected volatility of 128%, a risk free interest rate of 1.57%, an expected unit life of 2 years, no expected dividend yield and an expected price at date of grant of $0.09.

Issued 2018

During 2018, 880,000 broker warrants issued in 2016 were exercised at $0.05 per warrant entitling the broker for 880,000 shares and an additional 880,000 broker warrants.

Share purchase warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares is as follows:

	2019		2018	
	#	**Weighted average exercise price** $	#	Weighted average exercise price $
Balance as at January 1,	**18,880,000**	**0.07-0.12**	**18,880,000**	**0.07-0.12**
Issued	**15,000,000**	**0.07**	**-**	**-**
Issued – broker warrants	**2,100,000**	**0.05**	**880,000**	**0.07-0.12**
Exercised – broker warrants	**-**	**-**	**(880,000)**	**0.05**
Balance as at December 31,	**35,980,000**	**0.05-0.12**	**18,880,000**	**0.07-0.12**

9. Equity *(Continued from previous page)*

During the year, in relation to the private placement, 2,100,000 broker warrants were issued entitling the holder to purchase of one common share and one-half warrant (unit) at a unit price of $0.05. The warrants included in the units entitle the holder to purchase one common share at a share price of $0.07. The fair value of the 2,100,000 warrants was estimated at 0.0944 using the Black Scholes valuation model with the following assumptions: an expected volatility of 128%, a risk free interest rate of 1.57%, an expected unit life of 2 years, no expected dividend yield and an expected unit value at date of grant of $0.12.

At December 31, 2019, the following exercisable warrants were outstanding:

Warrants	Price	Expiry
2,100,000	0.05	19-Sep-21
15,000,000	0.07	19-Sep-21
18,000,000	0.07-0.12	27-Jun-21
880,000	0.07-0.12	24-Jul-20
35,980,000	0.05-0.12	

10. Share-based payments

The Company has adopted share-based payment plans under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plans is 7,834,191 and the maximum number of shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the time of the grant. The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the ordinary shares on the day prior to the award date, and the term of the options cannot exceed five years and unexercised options are cancelled 30 days after termination of employment or directorship. The option's exercise price and vesting period is established by the Board of Directors at the time of grant. All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

Outstanding Options entitle their holders to subscribe to an equivalent number of common shares is as follows*:*

	2019		2018	
		Weighted average exercise price		Weighted average exercise price
	#	**$**	#	$
Balance as at January 1,	**3,200,000**	**0.05**	3,200,000	0.05
Issued	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Cancelled	**500,000**	**0.05**	-	-
Balance as at December 31,	**2,700,000**	**0.05**	3,200,000	0.05

2,700,000 (2,133,333 options 2018) options are exercisable as at December 31, 2019.

11. Loss per share

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted loss per share, potential ordinary shares such as share options and warrants have not been included as their exercise prices were higher than the Company's share price as at December 31, 2019 and 2018. Details of share options and warrants issued that could potentially dilute loss per share in the future are given in Note 9 and Note 10.

Both the basic and diluted loss per share have been calculated using the loss as the numerator, i.e. no adjustment to the loss were necessary for the years ended December 31, 2019 and December 31, 2018 respectively.

	2019	2018
	$	$
Loss for the year	**(432,120)**	(644,873)
Weighted average number of shares in circulation	**88,190,120**	79,312,311
Basic and diluted loss per share	**(0.005)**	(0.008)

12. Income taxes

a) Deferred tax assets and liabilities of the Company are as follows:

Canada:

	December 31, 2019	December 31, 2018
	$	$
Deferred tax assets (liabilities)		
Non-capital losses carried forward	**596,145**	489,405
Exploration and evaluation assets	**607,202**	607,202
Marketable securities	**86,234**	87,556
Share issue costs	**52,186**	9,335
Tax reserves	**(370,825)**	(301,953)
Total deferred tax assets	**970,942**	891,545
Deferred tax assets not recognized	**(970,942)**	(891,545)
Net deferred tax asset	**-**	-

Mexico:

	December 31, 2019	December 31, 2018
	$	$
Deferred tax assets		
Net operating loss carried forward	**574,978**	448,348
Exploration and evaluation assets	**2,102,917**	1,927,546
Total deferred tax assets	**2,677,895**	2,375,894
Deferred tax assets not recognized	**(2,677,895)**	(2,375,894)
Net deferred tax asset	**-**	-

12. Income taxes *(Continued from previous page)*

b) Reconciliation of income tax expense:

	2019	2018
	$	$
Expected income (recovery 26.60%, 2018 – 26.7%)	**(125,069)**	(172,182)
Unrealized loss on marketable securities	**9,221**	28,729
Foreign tax rate and other differences	**(211,822)**	19,686
Deferred tax assets not recognized	**327,670**	123,767
Income tax expense	**-**	-

Decrease in the tax rate to 26.6% is due to decrease in Quebec corporate income tax rates from 11.7% to 11.6%

c) Tax loss carry-forwards:

The Company has non-capital loss carry forward of approximately $2,249,604 (2018 - $1,846,811) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2030	$	194,776
2031		396,373
2032		457,615
2033		308,916
2034		93,011
2035		122,609
2038		273,511
2039		402,793
	$	2,249,604

The Company has net operating loss carryforwards of approximately $1,823,152 (2018 - $1,494,494) which may be carried forward to apply against future year income tax for Mexican tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2020	$	3,650
2021		36,784
2022		99,621
2023		130,187
2024		174,267
2025		164,667
2026		229,838
2027		571,795
2028		253,396
2029		252,391
	$	1,916,596

13. Additional cash flow information

The changes in working capital items are as follows:

	2019	2018
	$	$
Sales taxes receivables	**(8,852)**	(21,793)
Prepaid expenses and deposits	**10,977**	(10,219)
Trade Payables	**(5,289)**	(4,035)
	(3,164)	(36,047)

14. Related party transactions

The Company's related parties include private companies controlled by directors and joint key management, as described below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors as well as members of key management personnel
Remuneration includes the following expenses:

	2019	2018
	$	$
Management and administration fees paid to private companies controlled by directors	**145,000**	145,000
Mineral properties expenditures paid to private companies controlled by directors	**37,524**	41,591

Included in trade payables are amounts due to companies owned and controlled by key management personnel of $819 and to directors of $60 (2018 - Nil and $719).

Of the 30,000,000 units issued during the year as part of the private placement, members of management and the Board of Directors subscribed for an aggregate of 2,800,000 units.

Of the options granted during the year ended December 31, 2017, 3,000,000 were to directors of the company. The related expense for the year was $8,008 (2018 - $69,575).

A private company controlled by one of the Company's directors, waived its right to $55,000 of management fees it is entitled to for the year ended December 31, 2017, under an executive services agreement (note 17), until such time that the private company resigns, the management fee agreement is not renewed or there is a merger or takeover of the Company, at which time the amount would become due and payable.

15. Capital management policies and procedures

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company's capital items are cash, marketable securities and common shares. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The property in which the Company currently has an interest is in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels 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 Company, is appropriate.

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

16. Financial instruments risks

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 3. The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Company's short- to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes.

The most significant financial risks to which the Company is exposed are described below. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and market risk on the marketable securities. No changes were made in the objectives, policies and processes during the reporting periods.

Foreign currency risk

Most of the Company's transactions are carried out in Canadian dollars. Exposures to currency exchange rates arise from the Company's expenses in foreign currency, which are primarily denominated in US dollars and Mexican Pesos since a portion of the Company's expenditures related to exploration and evaluation activities are incurred in US dollars and Mexican Pesos. The Company does not enter into arrangements to hedge its foreign exchange risk.

16. Financial instruments risks *(Continued from previous page)*

Financial instruments denominated in foreign currency are as follows:

Short-term exposure	**December 31, 2019**	December 31, 2018
	$	$
US dollars		
Cash	**7,559**	3,541
Trade payables	**(8,628)**	(8,616)
Total short-term exposure	**(1,069)**	(5,075)

Short-term exposure	**December 31, 2019**	December 31, 2018
	$	$
Mexican Pesos		
Cash	**12,034**	24,414
Trade payables	**(82,667)**	(49,875)
Total short-term exposure	**(70,633)**	(25,461)

At December 31, 2019, with other variables unchanged, a 10% change in the US/CDN and Pesos/CDN exchange rate would impact pre-tax income by approximately $107 and $486 respectively (2018 - $508 and $177). Exposure to foreign exchange rates varies during the year depending on the volume of foreign transactions.

Credit risk
The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets. The credit risk is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk
Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

The Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Within 3 months	
	December 31, 2019	December 31, 2018
	$	$
Trade payables	**21,225**	26,514

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid, the liability has been included on the earliest date on which payment can be required.

17. Contingencies and commitments

The Company's operations are subject to governmental laws and regulations regarding environmental protection. Environment consequences, their impact and their duration are difficult to determine. To the best of its knowledge, management believes that the Company's operations are in compliance with all applicable laws and regulations. Provisions for estimated costs are recorded when environmental remedial efforts are likely and costs can be reasonably estimated.

The Company has an executive services agreement in place, with a private company controlled by one of its directors, dated October 1, 2013 for five years, which was renewed during 2018 for an additional two years, whereby a sum equivalent to both the Base Fees of $65,000 and the Conditional Fees of $80,000 for the next two-year period, irrespective of the Company's financial condition, is to be made should the director die or become permanently incapacitated in a manner that prevents his private company from properly performing the services. In the last two years of this contract, the foregoing amounts shall be reduced to one year future fees from two years.

18. Subsequents events

COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.